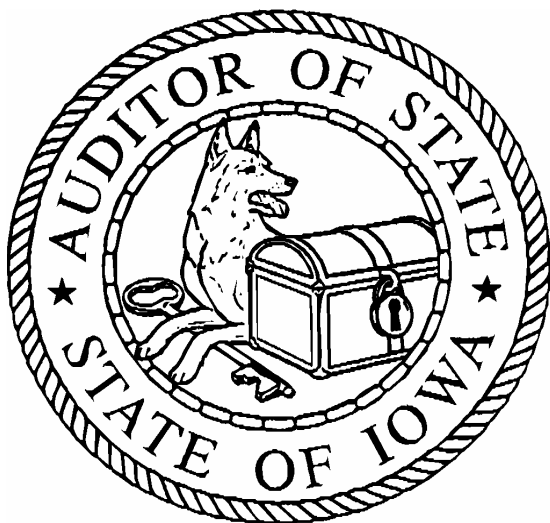


CITY AUDIT PROGRAM GUIDE

For the year ended June 30, 2004



DAVID A. VAUDT, CPA
AUDITOR OF STATE

CITY AUDIT PROGRAM GUIDE (Cash Basis)**CITY** _____**June 30, 2004****FILE INDEX**

<u>N/A</u>	<u>Incl.</u>	
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_____	_____	GF-6 Planning Materiality and Audit Risk and Summary of Tests
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CITY _____

June 30, 2004

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S.	Expenditures and Disbursements
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CITY _____

June 30, 2004

AUDIT PLANNING

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives:					
A. Plan and document planning of audit.					
B. Consider Single Audit implications.					
C. Determine preliminary planning materiality.					
D. Consider the effect on financial statements of non-compliance with laws and regulations.					
E. Determine audit approach.					
Audit Procedures:					
A. City's population _____ Date of Incorporation _____					
B. Job number _____					
C. Assigned staff: _____ Independent? _____	A				
Manager _____					
Incharge _____					
Staff _____					

D. Timing:	A				
E. If prior year audit was performed by another firm:	A				
1. Obtain copy of the auditor's reports on the financial statements, compliance and internal control.					
2. Obtain copies of appropriate workpapers.					
3. Make the appropriate inquiries of the predecessor auditor addressed in SAS No. 84. (AU Section 315).					
4. Firm: _____					
Contact Person: _____					
Telephone: _____					
F. Review prior year audit report and working papers. If applicable:	A,B,E				
1. Note any departures from an unqualified opinion.					
2. Note any specific areas of comment in the prior audit report. Determine and document current status.					

June 30, 2004

AUDIT PLANNING

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
3. Note any areas of special emphasis recommended for this year's audit by the prior auditor. 4. Note items for next year's audit in prior year's workpapers. Document in planning section. 5. Note any non-report comments that may affect this year's audit and document the status of these.					
G. Review permanent file and determine status of the following and update as necessary: 1. Identification of financial reporting entity and compliance with GASB 14, as amended by GASB 39. a. Identify the primary government. b. Identify and document consideration of component units. c. Identify and document relationships with organizations other than component units. 2. Nature of client's business and legal environment. 3. Applicable state and federal regulations. 4. Administrative and accounting personnel. 5. As applicable, federal program personnel. 6. Organization chart. 7. Chart of accounts and accounting manual. 8. Use of outside service organizations. 9. Use(s) of IS systems. 10. Methods used to process significant accounting information. 11. Long-term leases, contracts and commitments. 12. List of officials, terms and mailing addresses.	A,B,E				
H. Conduct entrance conference. Discuss and document pertinent information.	A				
I. Request that the City assemble all necessary information, records and documents.	A,B,E				
J. Determine the extent of involvement, if any, of other independent audit firms (i.e., for audits of material component units, audits conducted as a joint audit, or other reliance on external auditors), consultants, specialists or internal auditors. Where applicable, follow the guidance in AU 543 ("Part of Audit Performed by Other Independent Auditors"), AU 322 ("Auditor's Consideration of the Internal Audit Function") AU 336 ("Using Work of Specialist" - as revised by SAS 73) and Government Auditing Standards Chapter 3.06.					

CITY _____**June 30, 2004****AUDIT PLANNING**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
K. Inquire about related party transactions.	A,E				
L. Minutes:	A,E				
1. Review minutes through the most recent meeting and document significant Council action, including subsequent events.					
2. Determine and document if minutes were properly signed in accordance with Chapter 380.7 of the Code of Iowa.					
3. Determine, on a test basis, if meetings were preceded by proper notice. (Chapter 21.4 of the Code of Iowa)					
4. Determine if the minutes show information sufficient to indicate the vote of each member present as required by Chapter 21.3 of the Code of Iowa.					
5. Determine if the passage of ordinances, amendments, or resolutions were by a majority vote of all the members of the Council rather than a majority vote of a quorum of the Council in accordance with Chapter 380.4 of the Code of Iowa.					
6. Determine if minutes document that the Council followed proper proceedings for any closed sessions. (Chapter 21.5 of the Code of Iowa)					
a. The session was closed by affirmative roll call vote of at least two-thirds of the members.					
b. The specific exemption under Chapter 21.5 of the Code was identified and documented.					
c. Final action was taken in open session.					
7. Determine, on a test basis, if minutes were published (or posted) within 15 days of the meeting in accordance with Chapter 372.13(6) of the Code of Iowa and included:					
a. Total disbursements from each fund.					
b. A list of all claims allowed (including purpose of the claim) as described by Attorney General's opinion dated April 12, 1978.					
c. A summary of all receipts.					
d. A summary of ordinances or amendments adopted.					
8. Scan minutes for significant action of other outside Boards, including, but not limited to Library Board and Park Board.					
M. Determine and document if the City has complied with Chapter 380.8 of the Code of Iowa regarding the City's Code of ordinances:					
1. If the City maintains a code of ordinances, it is done either by:					

CITY _____

June 30, 2004

AUDIT PLANNING

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>a. At least annually compiling a supplement to the Code of ordinances consisting of all new ordinances and amendments to ordinances which became effective during the previous year and adopting the supplement by resolution or,</p> <p>b. Adding at least annually the new ordinances and amendments to ordinances to the code of ordinances itself.</p> <p>2. If the City does not maintain a code of ordinances as stated in 1, the City compiles a code of ordinances at least once every five years in accordance with Chapter 380.8(2) of the Code of Iowa.</p> <p>N. Obtain copy of client's June 30 financial statement(s)/ reports.</p> <p>O. Evaluate and document any nonaudit service to determine that Government Auditing Standards paragraph 3.13 in regard to Independence will not be impaired. If the nonaudit service involves a total of 40 hours or fewer, then the de minimum rule applies and independence will not be impaired. Discuss with Manager, if necessary.</p> <p>P. Determine if the City is a fiscal agent for any separate Boards or Chapter 28E Organizations. Determine if they are properly disclosed and reported. Perform the necessary GASB 14, as amended by GASB 39, reviews.</p> <p>Q. 28E Organizations, Municipal Utilities and Administrative Agencies</p> <p>a. Determine if the City was a member of a Chapter 28E organization with gross receipts in excess of \$100,000 in a fiscal year.</p> <p>b. Determine if the City has a separate Municipal Utility and/or Administrative Agencies per Chapter 392.</p> <p>c. If so, determine if arrangements have been made for an audit of the 28E organization in accordance with Chapter 11.6 of the Code of Iowa.</p> <p>R. Determine and document judgments as follows:</p> <p>a. Audit risk for all account balances and transactions classes. (AU 312.13)</p> <p>b. Materiality levels by opinion unit. If done at interim, update materiality levels at the balance sheet date:</p> <p>(1) By each major fund.</p> <p>(2) By type of activity, governmental or business-type.</p>	A				

CITY _____**June 30, 2004****AUDIT PLANNING**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
(3) Aggregate remaining fund information. (4) Discretely presented component units. c. Materiality level for each major federal program. If done at interim, update materiality levels at the balance sheet date. S. Apply preliminary analytical procedures: 1. Compare current year information to information with a plausible relationship. 2. Identify expectations and document basis of expectations. 3. Identify unusual or unexpected balances or relationships. 4. Determine and document if matters identified indicate a higher risk of material misstatement. If a higher risk is indicated, adjust audit approach accordingly. T. Determine completeness and accuracy of books and records by footing, cross-footing and tracing postings from journals as necessary. Include all subsidiary detail systems. U. Prepare all necessary confirmation requests for mailing. V. Send attorney letters to attorneys and other lawyers consulted on significant matters during the period. Send the letter early during fieldwork with a requested response date one week prior to estimated completion of fieldwork. W. Determine and document a preliminary audit strategy (primarily substantive or a lowered assessed control risk). X. Internal Control 1. For the City and any separately maintained record systems, obtain and document an understanding of the internal controls including those relating to overall compliance with laws and regulations. a. Determine and document whether these internal controls have been placed in operation. b. Assess control risk for financial statement assertions, including those relating to overall compliance with laws and regulations that have a direct and material effect on the financial statements. 1) Identify those financial statement assertions for which tests of controls need to be performed and design the appropriate tests of controls. 2) Document conclusions in working papers concerning the assessed level of control risk for the assertions. c. Document the following when control risk is assessed at maximum:	A,E				
	A,B D,E				

CITY _____**June 30, 2004****AUDIT PLANNING**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>1) Determine that performing only substantive tests will reduce detection risk to an acceptable level when evidence of the initiation, recording or processing of financial data exists only in electronic form. (AU 319.04)</p> <p>2) Document the accuracy and completeness of the information used to perform substantive tests when the information is produced by the City's information system. (AU 319.65)</p> <p>d. If the City uses a service organization to process transactions or which are part of the City's information system (i.e. payroll processing, utility billing and/or collection, bank trust department that invests and holds assets for employee benefit plans, organizations that develop, provide and maintain software for user organizations, etc.), follow AU Section 324 (SAS 70 and SAS 88) to consider and document the effect the service organization has on the internal controls of the City (user organization), related control risk assessments, and the availability of evidence to perform substantive procedures.</p> <p>2. Major federal programs:</p> <p>a. Obtain and document an understanding of the internal controls relevant to the common requirements applicable to all major federal programs.</p> <p>b. Determine and document whether these controls have been placed in operation.</p> <p>c. Assess control risk. (The auditor should plan for a low level of control risk).</p> <p>d. Perform tests of controls over each major program (regardless of whether or not choosing to obtain evidence to support an assessment of control risk below maximum).</p> <p>e. Include lack of or ineffective control procedures as reportable conditions in the report on the internal control.</p> <p>3. If steps X(1) and (2) are done at interim, determine if tests of controls and assessments of control risk can be extended to the balance sheet date:</p> <p>a. Apply the following procedures for internal control work done:</p> <p>1) Ask whether there have been any changes to internal controls including federal controls since interim date. Also consider whether any</p>					

CITY _____

June 30, 2004

AUDIT PLANNING

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>changes are apparent from substantive (or other) tests done after interim date.</p> <p>2) Consider the significance of any changes.</p> <p>3) Obtain evidential matter about the nature and extent of any changes.</p> <p>b. If considered necessary based on the above procedures, perform additional tests of controls and update risk assessments.</p> <p>Determine the major funds for the governmental and business type funds. Funds are considered major funds if they meet both the criteria for the same element. (GASB 34 par.76)</p> <p>1. Total receipts and disbursements of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type.</p> <p>2. Total receipts and disbursements of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.</p> <p>3. Review with management whether additional discretionary funds should be included as major funds.</p> <p>Y. If a computer was used by the City to process significant accounting applications, determine and document the methodology to be used in obtaining evidence. (i.e. manual audit procedures, computer-assisted audit techniques, or a combination of both). (AU 326.12)</p> <p>Z. Identify and obtain an understanding of possible additional financial statement effects of pertinent laws and regulations (not already identified in the audit program) which could, if not observed, have a direct and material effect on the financial statements. (AU 801.08)</p> <p>AA. Modify/expand on audit program guide, as necessary. The program should be responsive to the critical audit areas and other areas of concern noted in audit planning, the analytical procedures performed on the financial statements, and the understanding obtained of the City's internal controls.</p> <p>BB. Immediately contact Manager if fraud or embezzlement is suspected. Ensure the appropriate officials are notified after contacting the Manager. Chapter 11.6 requires a CPA firm to notify the Auditor of State immediately regarding any suspected embezzlement or fraud. If federal funds are involved, the appropriate U.S. Regional Inspector General should be notified.</p> <p>CC. Prepare audit time budget.</p> <p>DD. Discuss planning phase with Manager and document conclusions.</p>					
	A,E				
	A				

June 30, 2004

AUDIT PLANNING

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					
<p><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to achieve the audit objectives for audit planning, and the results of these procedures are adequately documented in the accompanying workpapers.</p>					
Incharge _____ Date _____					
Manager _____ Date _____					
Independent Reviewer _____ Date _____					

CITY _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY**

The attached preliminary audit strategy is to be used to document the following:

- Auditor's understanding of certain preliminary information regarding the entity for planning the audit.
- Identification of significant account balances and classes of transactions.
- Determination of inherent risk and preliminary audit strategy for significant account balances and classes of transactions.
- Identification of the federal programs.
- Applicability of account balances and classes of transactions to federal programs.
- Auditor's fraud risk assessment including identification of fraud risk factors.
- Determination of the common requirements applicable to major federal programs.

CITY _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY**

	YES	NO	REMARKS
1. Did the prior year report on the financial statements include departures from an unqualified opinion?			
2. Did the prior year audit identify any reportable conditions or material weaknesses?			
3. Have various account balances or transactions required significant adjustments in prior audits?			
4. Was the approach in the prior year primarily substantive?			
5. Were any significant errors or instances of fraud noted in the prior audit?			
6. Is there any indication there could be substantial doubt about the City's ability to continue as a going concern?			
7. Does the audit require special expertise?			
8. Are specialized skills needed to determine the affect of IS on the audit, to understand the IS controls, or to design tests of controls?			
9. Are there any new accounting and/or auditing pronouncements that may affect the current audit?			
10. Are there any specialized accounting practices or principles applicable to the City? (i.e. pensions)			
11. Have there been any significant changes in accounting practices for the City?			
12. Are there any economic conditions or recent developments that affected the City's operations? (inflation, interest rates, technological changes)			
13. Are there any special regulatory or reporting requirements that apply? (Single Audit)			
14. Is the City economically dependent on a major industry or company such that a change in the industry or company, would adversely affect the City?			
15. Has there been a change in state or federal funding that would significantly impact the operations of the City?			
16. Is any aspect of the City profit motivated?			
17. Have there been any significant changes in the function or responsibilities of the City?			
18. Do the financial statements require use of significant accounting estimates or fair value determinations?			
19. Does the City have multiple locations for significant operations?			

CITY _____

June 30, 2004

PRELIMINARY AUDIT STRATEGY

PROCEDURE	DONE BY	REMARKS																														
<p>20. Complete the fraud risk assessment form.</p> <p>21. Document the following on the preliminary audit strategy summary.</p> <p>a. Identify significant account balances and classes of transactions. Consider preliminary planning materiality as well as qualitative matters such as volume of transactions, susceptibility of assets to theft, etc.</p> <p>b. Assess the inherent risk for each of the significant account balances and classes of transactions identified above and document the results. Consider the factors described in the following diagram to assess inherent risk.</p> <table border="1" data-bbox="337 730 1203 1087"> <thead> <tr> <th>HIGHER</th><th>MODERATE</th><th>LOWER</th></tr> </thead> <tbody> <tr> <td>High transaction activity</td><td>Limited number of transactions</td><td></td></tr> <tr> <td>Large dollar value of each transaction</td><td>Small dollar value</td><td></td></tr> <tr> <td>High fluctuation in timing of activity</td><td>Stable transaction activity</td><td></td></tr> <tr> <td>Complex transaction processing</td><td>Simple transaction processing</td><td></td></tr> <tr> <td>Numerous processing steps</td><td>Few processing steps</td><td></td></tr> <tr> <td>Cannot be reconciled</td><td>Can be reconciled</td><td></td></tr> <tr> <td>Misstatements not self-detecting</td><td>Self-detecting</td><td></td></tr> <tr> <td>Highly susceptible to theft or loss</td><td>Low susceptibility</td><td></td></tr> <tr> <td>High potential for omitted activity</td><td>Low potential for omitted activity</td><td></td></tr> </tbody> </table> <p>c. If Single Audit is applicable, identify the major federal programs using the Single Audit Preliminary Audit Strategy form.</p> <p>d. Identify the significant account balances and classes of transactions applicable to major federal programs.</p> <p>e. Considering the responses to questions 1-19 above, determination of inherent risk and other relevant information, identify whether the preliminary audit strategy for the significant account balances and transaction classes will be primarily substantive or one based on a lower planned assessed level of control risk.</p> <p>f. Identify the common requirements applicable to each major federal program and determine the audit approach for each category.</p> <p>g. Indicate whether test of controls are applicable or comment on whether controls do not exist or cannot be tested.</p> <p>22. Identify other matters considered in determining the preliminary audit strategy.</p> <p>23. Identify any matters that could increase the risk of material misstatement of the financial statements due to errors, fraud and other non-compliance.</p>	HIGHER	MODERATE	LOWER	High transaction activity	Limited number of transactions		Large dollar value of each transaction	Small dollar value		High fluctuation in timing of activity	Stable transaction activity		Complex transaction processing	Simple transaction processing		Numerous processing steps	Few processing steps		Cannot be reconciled	Can be reconciled		Misstatements not self-detecting	Self-detecting		Highly susceptible to theft or loss	Low susceptibility		High potential for omitted activity	Low potential for omitted activity			
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High potential for omitted activity	Low potential for omitted activity																															

CITY _____

June 30, 2004

**PRELIMINARY AUDIT STRATEGY
FRAUD RISK ASSESSMENT****I. BRAINSTORMING CONFERENCE**

Date: _____

Instructions: Members of the audit team are required to discuss the susceptibility of the government's financial statements to material misstatement due to fraud. The discussion should include an open exchange of ideas (brainstorming). The discussion should also emphasize the importance of exercising professional skepticism throughout the audit. The discussion may occur prior to, or in conjunction with, other audit planning procedures, but should take place each year.

If the audit is a Single Audit, completion of this procedure should include consideration of both the audit of the financial statements and the federal awards.

Audit of financial statements Yes_____ No_____

Single Audit Yes_____ No_____

Participants:

Name	Title

1. Describe how the discussion occurred (e.g. face-to-face meeting, conference call)

2. Describe the matters discussed.

CITY _____

June 30, 2004

PRELIMINARY AUDIT STRATEGY
FRAUD RISK ASSESSMENT

Matters that should be discussed include:

- a. How and where the financial statements might be materially misstated due to fraud.
- b. How management could perpetrate and conceal fraudulent financial reporting.
- c. How the perpetrators could misappropriate government assets.
- d. Known external and internal factors affecting the government that might (1) create incentives/pressures to commit fraud, (2) provide the opportunity for fraud to take place, and (3) reveal attitudes or rationalization about why fraud is acceptable behavior.
- e. The nature and risk of management override of controls.
- f. How best to respond to these fraud risks through the design of audit procedures.
- g. The importance of maintaining an appropriate attitude of professional skepticism throughout the audit when considering the risk of material misstatement due to fraud.

The discussion should not be influenced by past favorable experience with the integrity of management.

The discussion should abandon neutrality and presume the possibility of dishonesty at various levels of management.

The discussion should focus on the financial statement areas vulnerable to fraud presuming that management, employees, or volunteers were inclined to perpetrate fraud.

3. Did information arise during the brainstorming meeting that may be relevant to identifying risks of material misstatement due to fraud?

_____ Yes (Document on Part IV)

_____ No

Comments:

CITY _____

June 30, 2004

**PRELIMINARY AUDIT STRATEGY
FRAUD RISK ASSESSMENT****II. INQUIRIES ABOUT THE RISKS OF FRAUD**

Instructions: Auditors are required to make inquiries of management and others about the risks of fraud. Inquiries should be made each year in the planning stage of the audit. This form can be used to document the auditor's inquiries of management and other employees. Conducting one-on-one interviews with members of management and other employees is the most appropriate way of accomplishing the objectives of the inquiry process. Management interviewed should include, at a minimum, all those who sign the management representation letters.

If the audit is a Single Audit, completion of this procedure should include consideration of both the audit of the financial statements and the federal awards. Alternatively, the auditor may wish to complete separate forms.

(A separate form should be used for each person interviewed)

A. Management Personnel Interviewed:

Name	Title	Date
_____	_____	_____
_____	_____	_____
_____	_____	_____

1. Inquire of the government's management about whether it is aware of (1) actual or suspected fraud, or (2) any allegations of fraud (e.g., communications from employees or others). Describe.

2. Inquire of the government's management about its understanding of the risks of fraud within the government, including any specific risks identified or account balances or transaction classes where fraud is likely to occur. Describe.

3. Inquire of the government's management about the programs and controls that it has established to mitigate fraud risks and how it monitors such programs and controls. Describe.

CITY _____

June 30, 2004

PRELIMINARY AUDIT STRATEGY
FRAUD RISK ASSESSMENT

-
4. Inquire of the government's management about the nature and extent of monitoring of operating locations, where applicable, and whether there are particular units for which a risk of fraud may be more likely to exist. Describe.

5. Inquire of the government's management about whether and how it communicates to employees its views on business practices and ethical behavior. Describe.

6. Inquire of the government's management about whether it has reported to the audit committee, or its equivalent, on how the government's internal control monitors the risks of material fraud. Describe.

7. Inquire of the government's management about their compliance with laws and regulations. Describe.

8. Did information arise from inquiries of management that should be considered further in identifying risks of material misstatement due to fraud?

___ Yes (Document on Part IV)

___ No

Comments:

CITY _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY**
FRAUD RISK ASSESSMENT

B. Others Interviewed:

Name	Title	Date
_____	_____	_____
_____	_____	_____
_____	_____	_____

1. Inquire of others within the government (e.g., operating personnel not directly involved in the financial reporting process and employees with different levels of authority) about any actual fraud or suspected fraud. Describe.

2. Did information arise from inquiries of others that should be considered further in identifying risks of material misstatement due to fraud?

_____ Yes (Document on Part IV)

_____ No

Comments:

CITY _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY**
FRAUD RISK ASSESSMENT

C. Others Interviewed:

Name	Title	Date
_____	_____	_____
_____	_____	_____
_____	_____	_____

1. Inquire of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. Describe.

2. Did information arise from inquiries of others that should be considered further in identifying risks of material misstatement due to fraud?

_____ Yes (Document on Part IV)

_____ No

Comments:

CITY _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY**
FRAUD RISK ASSESSMENT**D. Audit Committee or Equivalent Personnel Interviewed:**

Name	Title	Date
_____	_____	_____
_____	_____	_____

1. Where applicable, inquire of the audit committee or its equivalent, or at least its chair, about (1) its views about the risks of fraud, (2) whether it has knowledge of any actual fraud or suspected fraud, and (3) how it exercises its oversight of the government's assessment of risks of fraud and the programs and controls the government has adopted to mitigate those risks. Describe.

2. Did information arise from inquiries of audit committee or equivalent personnel that should be considered further in identifying risks of material misstatement due to fraud?

_____ Yes (Document on Part IV)

_____ No

Comments:

CITY _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY**
FRAUD RISK ASSESSMENT**E. Internal Audit Personnel Interviewed:**

Name

Title

Date

_____	_____	_____
_____	_____	_____

- Where applicable, inquire of internal audit personnel about: (1) their views of the risks of fraud, (2) any procedures they performed to identify or detect fraud during the period under audit, (3) management's response to the findings, and (4) whether they have knowledge of any actual fraud or suspected fraud. Describe.

- Did information arise from inquiries of internal audit personnel that should be considered further in identifying risks of material misstatement due to fraud?

_____ Yes (Document on Part IV)

_____ No

Comments:

CITY _____

June 30, 2004

**PRELIMINARY AUDIT STRATEGY
FRAUD RISK ASSESSMENT**

Question	YES	NO	N/A	REMARKS
III. FRAUD RISK ASSESSMENT				
<p>Instructions: Complete the following questions to document your consideration of risk factors that might indicate an increased risk of material misstatement due to fraud. "Yes" answers do not necessarily indicate an increased risk, but should be considered when assessing the risk of <u>material</u> misstatement due to fraud. If fraud risk factors are present, but other controls exist that compensate for that risk, document the mitigating factors in the remarks column.</p>				
<u>RISK FACTORS RELATING TO FRAUDULENT FINANCIAL REPORTING</u>				
A. Incentives/Pressures				
1. Is there significant pressure on meeting performance targets?				
2. Is a significant portion of management's compensation or performance assessment dependent on budgetary goals, program results, or other incentives?				
3. Do unrealistic performance targets exist?				
4. Were there numerous significant budget modifications in prior periods?				
5. Is there a lack of formal budgeting policies and procedures?				
6. Is the current management unable to make reasonable estimates of tax revenues, expenditures, or cash requirements?				
7. Has the credit rating for the government's securities been downgraded by an independent agency since the prior period?				
8. Do individuals outside of management or the governing body have substantial influence over the operations of one or more governmental units?				
9. Has management set unduly aggressive financial targets and expectations for operating personnel?				
10. Is the government subject to new accounting, statutory, or regulatory requirements that could impair its operating efficiency or financial stability?				
11. Is the government experiencing rapid changes, such as rapid changes in technology or rapid changes in citizen's service expectations?				
12. Is the government experiencing a poor or deteriorating financial condition (for example, a declining tax base, declining economy, or other anticipated loss of revenue sources)?				
13. Is the government having difficulty generating cash flows from operating activities?				

CITY _____

June 30, 2004

**PRELIMINARY AUDIT STRATEGY
FRAUD RISK ASSESSMENT**

Question	YES	NO	N/A	REMARKS
14. Has the government experienced unusually rapid growth or improved financial results, especially when compared to other governments?				
15. Is the government highly vulnerable to changes in interest rates?				
16. Is the government unusually dependent on debt financing?				
17. Do the government's financing agreements have debt covenants that are difficult to maintain?				
18. Is the government facing the threat of imminent bankruptcy?				
19. Is there significant pressure to obtain additional funding to maintain services?				
20. Is there a high degree of competition for federal or state awards?				
21. Is there declining federal and state program funding levels on a national or regional level?				
22. Is there a declining number of eligible participants, benefit amounts, and/or enrollments in award programs?				
23. Is there complex or frequently changing compliance requirements?				
24. Is there a mix of fixed price and cost reimbursable program types that create incentives to shift costs?				
B. Opportunities				
1. Is management dominated by a single individual or a small group without compensating controls, such as effective oversight by the governing body?				
2. Does the governing body or management lack understanding or experience regarding the operation or responsibilities of the government?				
3. Are internal controls inadequately monitored by management?				
4. Has management continued to employ ineffective accounting or IT (information technology) personnel?				
5. Has there been a high turnover in management level employees, bankers, attorneys, or auditors?				
6. Does the level of communication between accounting managers and data processing or IT departments appear to be inadequate?				
7. Are assets, liabilities, revenues, and expenditures or expenses based on significant estimates that involve unusually subjective judgments or uncertainties or that could significantly change in the near term in a manner that may be financially disruptive?				

CITY _____

June 30, 2004

**PRELIMINARY AUDIT STRATEGY
FRAUD RISK ASSESSMENT**

Question	YES	NO	N/A	REMARKS
8. Does the government engage in significant related party transactions not in the ordinary course of business (including transactions with related governments that are unaudited or audited by another firm)?				
9. Does the government have unusual or highly complex transactions (particularly those close to year-end) that are difficult to assess for substance over form?				
10. Does the government have significant bank accounts in locations for which there does not appear to be a clear business justification?				
11. Does the government have an overly complex organizational structure involving numerous component units, subrecipients, related organizations, lines of managerial authority, or contractual arrangements that do not have an apparent purpose?				
12. Does the government have significant relationships with other governments that do not appear to have a clear programmatic or business justification?				
C. Attitudes/Rationalizations				
1. Were there numerous significant audit adjustments in prior periods?				
2. Is there an excessive interest by management to meet performance targets through the use of unusually aggressive accounting practices?				
3. Has management failed to effectively communicate and support the government's values or ethics?				
4. Has management failed to effectively communicate about inappropriate business practices or ethics?				
5. Has management failed to correct known reportable conditions in internal control on a timely basis?				
6. Has management displayed a significant disregard for regulatory requirements, including, when applicable, federal and state award compliance requirements?				
7. Does management have a poor reputation?				
8. Does management have a history of violating laws, regulations, debt covenants, contractual obligations, or federal and state award compliance requirements?				
9. Do non-financial management or personnel excessively participate in the determination of significant estimates or selection of accounting principles?				
10. Are there frequent disputes on accounting, auditing, or reporting matters between management and the current or predecessor auditor?				

CITY _____

June 30, 2004

**PRELIMINARY AUDIT STRATEGY
FRAUD RISK ASSESSMENT**

Question	YES	NO	N/A	REMARKS
11. Has management made unreasonable demands on the auditor, such as unreasonable time constraints on completion of the audit or an excessive emphasis on reducing the audit fee?				
12. Has management placed restrictions on the auditor (formal or informal) that inappropriately limit access to people or information (or inappropriately limit communication with the governing body or audit committee)?				
13. Has management failed to respond to specific inquiries or to volunteer information regarding significant or unusual transactions?				
14. Has there been domineering behavior by management, especially involving attempts to influence the scope of the auditor's work?				
15. Are there other situations indicating a strained relationship between management and the current or predecessor auditor?				
16. Could the government face adverse consequences on a significant pending transaction (such as issuance of debt or receipt of a grant) if poor financial results are reported?				
17. Does the government have significant investments in high-risk financial investments?				
18. Are there any known personal difficulties or other influences in the lives of management that could adversely affect their integrity, attitude, or performance?				
19. Do other conditions exist that indicate incentives/pressures, opportunities, or attitudes/rationalizations for management to engage in fraudulent financial reporting?				

Do conditions exist that indicate there may be incentives/pressures, opportunities, or attitudes/rationalizations for management to intentionally misstate the financial statements?

___ Yes. (Document on Part IV)

___ No.

Comments:

CITY _____

June 30, 2004

**PRELIMINARY AUDIT STRATEGY
FRAUD RISK ASSESSMENT**

Question	YES	NO	N/A	REMARKS
<u>RISK FACTORS RELATING TO MISAPPROPRIATION OF ASSETS</u>				
A. Incentives/Pressures				
1. Are there any indications that management or employees with access to cash or other assets susceptible to theft have personal financial obligations that may create pressure to misappropriate assets?				
2. Are there any conditions that may create adverse relationships between the government and employees with access to cash or other assets susceptible to theft, such as the following:				
a. Known or anticipated future employee layoffs?				
b. Recent or anticipated changes to employee compensation or benefit plans?				
c. Promotions, compensation, or other rewards inconsistent with expectations?				
B. Opportunities				
1. Does the government maintain or process large amounts of cash?				
2. Is the government's inventory easily susceptible to misappropriation (such as small size, high value, or high demand)?				
3. Does the government have assets that are easily convertible to cash (such as bearer bonds, etc.)?				
4. Does the government have capital assets that are easily susceptible to misappropriation (such as small size, portability, marketability, lack of ownership identification, etc.)?				
5. Is the government susceptible to fraudulent, unauthorized disbursements (such as vendor or payroll disbursements) being made in amounts that are material to the financial statements?				
6. Is there a lack of management oversight over assets susceptible to misappropriation?				
7. Does the government lack job applicant screening procedures when hiring employees with access to assets susceptible to misappropriation?				
8. Does the government have inadequate record keeping over assets susceptible to misappropriation?				
9. Is there a lack of appropriate segregation of duties that is not mitigated by other factors (such as management oversight)?				

CITY _____

June 30, 2004

**PRELIMINARY AUDIT STRATEGY
FRAUD RISK ASSESSMENT**

Question	YES	NO	N/A	REMARKS
10. Does the government lack an appropriate system for authorizing and approving transactions (for example, in purchasing or payroll disbursements)?				
11. Are there poor physical safeguards over assets susceptible to misappropriation (for example, inventory not stored in a secured area, cash or investments kept in unlocked drawers, etc.)?				
12. Is there a lack of timely and appropriate documentation for transactions affecting assets susceptible to misappropriation?				
13. Is there a lack of mandatory vacations for employees in key control functions?				
14. Does management have an inadequate understanding of information technology which enables information technology employees to perpetrate a misappropriation?				
15. Are access controls over automated records inadequate (including controls over, and review of, computer system event logs)?				
C. Attitudes/Rationalizations				
1. Do employees who have access to assets susceptible to misappropriation show:				
a. Disregard for the need for monitoring or reducing risks related to misappropriation of assets?				
b. Disregard for internal control over misappropriation of assets by overriding existing controls?				
c. Disregard for internal control over misappropriation of assets by failing to correct known internal control deficiencies?				
2. Do employees who have access to assets susceptible to misappropriation exhibit behavior indicating displeasure or dissatisfaction with the government or its treatment of its employees?				
3. Have you observed any unusual or unexplained changes in behavior or lifestyle of employees who have access to assets susceptible to misappropriation?				

CITY _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY**
FRAUD RISK ASSESSMENT

Do conditions exist that indicate there may be incentives/pressures, opportunities, or attitudes/rationalizations for management to intentionally misstate the financial statements?

____ Yes. (Document on Part IV)

____ No.

Comments:

List any additional fraud factors or conditions identified as being present. Additional factors may have been identified through inquiry of management in the entrance conference. Also, document any compensating controls.

If improper revenue recognition was not identified as a risk of material misstatement due to fraud, describe the reasons regarding how that presumption was overcome.

CITY _____

June 30, 2004

PRELIMINARY AUDIT STRATEGY **FRAUD RISK ASSESSMENT**

IV. RESPONSE TO FRAUD RISKS

The way the auditor responds to the results of the fraud risk assessment depends on the nature and significance of the fraud risks identified and on the government's programs and controls that address such risks. Auditors respond to the results of the fraud risk assessment in three ways: (1) an overall response as to how the audit is conducted; (2) specific responses involving modification of the nature, timing, and extent of procedures to be performed; and (3) responses to further address the risk of management override of controls.

1. *Overall response* – Describe your overall response to identified fraud risks, including (1) assignment of personnel and supervision, (2) scrutiny of management’s selection and application of significant accounting principles, and (3) including an element of unpredictability in audit procedures and tests.

2. *Specific responses* – Describe your specific responses to identified fraud risks, including modification of the nature, timing, and extent of audit procedures.

This image shows a single page of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page, leaving small margins at the top and bottom. There are no vertical margin lines, text, or other markings on the page.

CITY _____

June 30, 2004

PRELIMINARY AUDIT STRATEGY
FRAUD RISK ASSESSMENT

3. *Response to address management override of controls* – Because management override of controls can occur in unpredictable ways, the risk of management override of controls is always an identified fraud risk and the auditor is required to perform certain specified procedures to respond to such risk. These procedures relate to (1) examining journal entries and other adjustments, (2) reviewing accounting estimates for biases, and (3) evaluating the business rationale for significant unusual transactions.

See audit program step N on audit program section Fund Balance

See audit program steps M and N on audit program section Completion of Audit

Incharge: _____ Date _____

Manager: _____ Date _____

Independent

Review: _____ Date _____

CITY _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY
SUMMARY**

ACCOUNT BALANCE/ TRANSACTION CLASS	IR	Major Programs	AUDIT APPROACH		TEST OF CONTROLS (YES/NO)	REPORTABLE CONDITION (YES/NO)
			PRIMARYLY SUBSTANTIVE	LOWER RISK		
Cash						
Investments						
Receivables						
Inventory						
Capital Assets						
Liabilities						
Long Term Debt						
Property Tax						
Receipts/Revenues						
Disbursements/Expenditures						
Payroll						
Transfers						
Financial Reporting						
Other:						

IR/Inherent risk - key

H = higher, M = moderate, L = lower

CITY _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY**
SINGLE AUDIT

- 1) Determine Type A vs. Type B programs using the Program Identification form.
- 2) Determine the risk classification of Type A and primary Type B programs using the Risk Assessment form. The auditor is not required to perform a risk assessment of relatively small Type B programs.
- 3) Identify major programs and determine if the percentage of coverage rule has been met using the bottom of the Determination of Major Programs form.

Major programs must account for at least 50% of total expenditures of federal awards unless the entity is low-risk, in which case, only 25% needs to be met.* The entity is considered low risk if, for each of the prior two years, all of the following conditions have been met:

- A Single audit is performed on an annual basis.
- Unqualified opinions on the financial statements and Schedule of Expenditures of Federal Awards were issued**
- No material weaknesses in internal control under the requirements of Government Auditing Standards (relating to the financial statements) were noted.**
- No internal control deficiencies identified as material weaknesses were noted for all Type A programs.
- No material non-compliance was noted for all Type A programs.
- There were no known or likely questioned costs exceeding 5% of the program's expenditures for all Type A programs.

*The auditee may have one or more non-low-risk Type A *programs* and still qualify as a low-risk *entity*, as long as all Type A programs meet the criteria listed. However, all non-low-risk Type A programs must be audited as major programs even if the 25% rule of coverage is met by only a portion of the non-low-risk Type A programs.

**However, a waiver that allows the entity to be identified as low-risk may be provided by the cognizant or oversight agency if they judge that an opinion qualification or any identified material weaknesses does not affect the management of Federal awards.

CITY _____

June 30, 2004

PRELIMINARY AUDIT STRATEGY
SINGLE AUDIT**PROGRAM IDENTIFICATION**

					Type B	
Federal Program	CFDA #	Federal Awards Expended	% of Total Federal Awards Expended	Type A Program (X)	Primary Program (X)	Relatively Small Program (X)
TOTAL						

Determine the appropriate amounts to be used as program thresholds:

Type A programs equal the \$ _____ Primary Type B programs equal \$ _____
 greater of \$300,000 or 3% of x 3% the greater of \$100,000 or .3% x .3%
 total federal expenditures. \$ _____ of total federal expenditures. \$ _____

Relatively small Type B programs are less than the greater of \$100,000 or .3% of total federal expenditures.

NOTE: A Single Audit is not required if total federal expenditures are less than \$500,000.

CITY _____

June 30, 2004

PRELIMINARY AUDIT STRATEGY
TYPE A AND PRIMARY TYPE B PROGRAM RISK ASSESSMENT

Program Name:
CFDA #
Program Type:
Last FY Reviewed **

A / B	A / B	A / B	A / B	A / B	A / B	A / B

Current and Prior Experience:

Program was audited as a major program in one of the last two years. (1)

No reportable conditions or material instances of non-compliance were noted in the most recent audit period. (1)

Persons administering program are experienced and appear competent.

Monitoring of subrecipients is adequate.

Computer systems used for processing are established and adequate.

Prior audit findings have been corrected. (2)

Oversight (Federal and/or Pass-through entities):

Recent monitoring reviews were performed and noted no significant problems.

OMB has not identified the program as a high risk or non-low-risk program in the Compliance Supplement.

Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N
Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA

Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N

Inherent Risk:

Nature of program is not complex.

There are no eligibility criteria or third party contracts.

There hasn't been significant changes in federal regulations or contract provisions.

Program has been on-going (not the first or last year of the program).

Program's Inherent Risk (High, Moderate, Low)

Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N
Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N
Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N
Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N

Internal Control Consideration:

Assessed level of risk based on evaluation of internal controls for prior year. (Max / Slt / Mod / Low)

--	--	--	--	--	--	--

Overall Risk Analysis:

Low Risk (Type A or B Programs)						
Non-Low Risk (Type A Programs Only)						
High Risk (Type B Programs Only)						

(1) - This criteria must be met in order to consider a Type A program low-risk.

(2) - Auditors should use their judgment. Audit findings from prior year do not preclude the program from being low risk.

** - A-133 states in part that for a Type A program to be considered low-risk, it shall have been audited as a major program in at least one of the two most recent audit periods. This ensures that all Type A programs are tested as major at least once every three years.

Note: Except for known reportable conditions in internal control or compliance problems, a single criteria would seldom cause a Type B program to be considered high-risk.

CITY _____

June 30, 2004

PRELIMINARY AUDIT STRATEGY
SINGLE AUDIT
DETERMINATION OF MAJOR PROGRAMS

In order to determine major programs, complete the following steps:

- Enter Type A programs and their risk analysis from the Risk Evaluation form. For non low-risk programs only, enter their percentage of total federal expenditures (from the Program Identification form) in the far right column. If there are no low-risk Type A programs, then determine if total percentage of non low-risk Type A programs exceeds the percent of coverage rule. If it exceeds the minimum percentage required, the determination of major programs is complete.
- Enter primary Type B programs and their risk analysis from the Risk Evaluation form. Select at least half of the Type B programs that were determined to be high risk (may be limited to the number of low-risk Type A programs.) For each high-risk Type B program selected, enter its percentage of total federal expenditures (from the Program Identification form) in the far right column. When identifying which high-risk Type B programs to test as major, the auditor is encouraged to use an approach which provides an opportunity for different high-risk Type B programs to be audited as major over a period of time.
- Determine if the total percentages from these two steps exceed the percent of coverage rule. If it exceeds the minimum percentage required, then the determination of major programs is complete. If the minimum percentage is not met, include additional programs as necessary to meet the percentage of coverage rule.
- For each major program, document the inherent risk from the previous page. If a risk assessment was not required, determine the inherent risk based on the criteria from the previous page.

A B	Federal Program	CFDA #	Non Low- Risk	Low- Risk	High- Risk	% of Total Expenditures of Federal Awards	Major Program Inherent Risk
	TOTAL						

50% Rule applicable

☐

25% Rule applicable

☐

June 30, 2004

PRELIMINARY AUDIT STRATEGY SINGLE AUDIT

Identify applicable requirements for each major program.

Major Programs:

CFDA#:

Common Requirements:

Activities allowed or unallowed

Allowable costs / Cost principles

Cash Management

Davis-Bacon Act

Eligibility

Equipment and Real Property Management

Matching, Level of Effort, Earmarking

Period of Availability of Federal Funds

Procurement and Suspension and Debarment

Program Income

Real Property Acquisition/Relocation Assistance

Reporting

Subrecipient Monitoring

Special Tests and Provisions

CITY _____**June 30, 2004****PLANNING CONFERENCE**
ENTRANCE

DATE: _____

IN ATTENDANCE:

<u>City</u>		<u>Auditor</u>	
Name	Title	Name	Title
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

ItemsDiscussion

A. Scope of Audit:

1. Period to be audited.
2. Basis of accounting.
3. Objectives of audit.
4. Funds to be audited (including component units).
5. Federal programs.
6. Additional audit requirements.
7. Reports to be issued.
8. Non audit services to be performed and independence restrictions.
9. The audit will be conducted in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and Government Auditing Standards, issued by the Comptroller General of the United States.

B. Timing of:

1. Fieldwork.
2. Release of report.

ItemsDiscussion

C. Availability of records.

D. Working space arrangements, if applicable.

CITY _____

June 30, 2004

PLANNING CONFERENCE
ENTRANCE

E. Extent of internal audit/other client assistance.

F. Auditor's responsibilities for:

1. Obtaining an understanding, testing and reporting on internal controls and compliance with laws and regulations (discussion of ¶ 4.6.8 and 4.6.9 of Yellow Book may be helpful). ☐
2. Discovering and reporting contractual compliance violations and questioned costs. ☐
3. Obtaining reasonable, not absolute assurance that the financial statements are free of material misstatement, whether caused by error or fraud. Accordingly, a material misstatement may remain undetected. Also, an audit is not designed to detect error or fraud that is immaterial to the financial statements. ☐
4. Communicating certain matters to audit committee, entity contracting the audit or other party responsible for oversight. (Identify audit committee or other party, if one exists.) ☐
5. Communicating with management if auditor becomes aware that the entity is subject to an audit requirement(s) that is not encompassed in the terms of the engagement. ☐

G. Client responsibilities for:

1. Financial statement assertions and management representation letter accepting such responsibilities. ☐
2. Internal controls. ☐
3. Identifying and ensuring the City complies with all laws, rules and regulations that may have a direct and material effect on the financial statement amounts and for disclosing all known instances of non-compliance. ☐
4. Making all financing records and related information available to the auditor. ☐
5. Providing auditor with representation letter at completion of audit including an affirmation that uncorrected misstatements are immaterial. ☐
6. Adjusting the financial statements to correct material misstatements. ☐
7. Preparing required supplementary information (RSI), including management's discussion and analysis (MD&A), and other supplementary information. (if applicable) ☐

ItemsDiscussion

H. Status of prior year's audit comments.

I. Personnel changes.

CITY _____**June 30, 2004****PLANNING CONFERENCE**
ENTRANCE

- J. Accounting problems during year.
- K. Pending litigation.
- L. Significant accounting policies.
- M. Extent of computerized books and records.
- N. Related party/business transactions.
- O. Potential component units, including changes from the prior year and entities which the City is acting as a fiscal agent.
- P. 28E organizations in which the City is a participant.
- Q. Understanding of fee and billing arrangements including the extent/amount of additional time and additional cost involved in providing assistance for GASB 34 implementation (if applicable).
- R. Additional items for audit planning:
 - 1. New capital projects or completion of projects from prior year.
 - 2. New grants or completion of grants from prior year.
 - 3. New revenue sources such as special assessments, local option sales tax, etc.
 - 4. Debt issuances or refundings/retirements of debt.
 - 5. Significant changes in City's budget plan from prior year and significant amendments to City's current year budget.
 - 6. Others.

CITY _____**June 30, 2004****PLANNING CONFERENCE**
ENTRANCEItemsDiscussion

- S. GASB 34:
1. Inquire as to whether any funds have been identified as discretionary major funds.
 2. Review implementation checklist, status and timeframe.
- T. Inquire of management about their understanding of the risk of material misstatement due to fraud and whether they have knowledge of fraud that has occurred.
- U. Inquire of management about the existence of a program for preventing, deterring or detecting fraud. If a program exists, determine if fraud risk factors have been identified.
- V. Inform management about the auditor's responsibilities to inquire of them and others about fraud risk factors relating to financial reporting and misappropriation of assets throughout the audit in accordance with SAS 99.
- W. Inquire of management about the existence of any known limitations on the audit.
- X. Other items

Acknowledgement:

City Representative _____

Date _____

CITY _____**June 30, 2004****PLANNING CONFERENCE**
MANAGER

DATE _____

Time: _____

ItemsDiscussion

- A. Last year's items for next year's audit.
- B. Significant findings from audit planning.
- C. Single audit requirements, if applicable.
- D. Results of obtaining, an understanding of internal controls.
- E. Nonaudit services to be performed and results of evaluation of independence impairment.
- F. Significant audit program modifications.
- G. Planned audit approach.
- H. Audit time budget:
 - 1. Timing of fieldwork.
 - 2. Staff scheduling.
 - 3. Budget variances.
- I. Other

June 30, 2004

REVIEW OF MINUTES

[illegible]

CITY _____**June 30, 2004****TRIAL BALANCE**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objective: A. Provide a document which links the report or financial statements to supporting workpapers. Audit Procedures: A. Obtain or prepare working trial balances by fund type, function, fund and objective class as needed. If prepared by auditor, determine that independence will not be impaired. 1. A separate trial balance should be prepared for each fund. 2. Account classifications should be minimized and consistent with the GASB Codification and/or the sample report. 3. Foot the working trial balances to verify their accuracy, if applicable. 4. Document the source of the information for the beginning balance amounts. B. Record reclassifications as necessary. 1. The reclassification entries should be consolidated on a separate page, lettered, briefly explained or described and referenced to supporting workpapers if possible. 2. Obtain and document City's concurrence for reclassification entries. 3. Document any reclassifications of transactions or other adjustments on the appropriate lead sheets in the working papers. C. Reference the amounts to supporting workpapers. (The adjusted trial balance amounts should be referenced to supporting working papers.) D. If necessary, detail receipts, disbursements and fund balances directly from City ledger cards to draft audit report. E. Prepare entity-wide trial balances for government and business type activities. 1. Review receipt classifications for proper reporting on entity-wide statement. 2. Allocate Internal Service Funds net profit/loss on the entity-wide statements to the functions that benefited from the services provided.					
	A				
	A				

June 30, 2004

TRIAL BALANCE

[illegible]

CITY _____**June 30, 2004****CASH**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Financial Statement Assertions:					
1. Existence and Occurrence					
2. Completeness					
3. Rights and Obligations					
4. Valuation and Allocation					
5. Presentation and Disclosure					
Audit Objectives:					
A. Cash balances as stated in the financial statements is on hand, in transit, or on deposit with third parties (depositories) in the name of the City. (1)					
B. All cash of the City is included in the financial statements/fund balance. (2)					
C. Depositories are legally acceptable; deposits are adequately insured or adequate collateral has been pledged by depositories for the City's deposits; and separate depository accounts are maintained for each fund for which required. (3)					
D. Cash balances reflect a proper cut-off of receipts and disbursements, and are stated at the correct amounts. (4)					
E. Cash balances are presented by fund type, and adequate disclosure is made of restricted, pledged or committed funds. (5)					
Audit Procedures:					
A. Cash On Hand					
1. Determine locations, custodians and amount of all cash funds and select funds to be counted. (Coordinate with examination of investments on hand, in separate audit program section.)					
2. For funds selected, count and list all cash and cash items. Obtain client's signature for return of cash.	A				
3. Reconcile total with established balance.	A,B,D				
4. Determine and document reason for any unusual items such as employee and officials checks.					
5. Ascertain reason for holding checks not deposited immediately.					
6. Determine that all checks were properly endorsed.					
7. Determine frequency of petty cash replenishment.					
8. Determine petty cash payments are reasonable and authorized.					
B. Undeposited Receipts					
1. If there is a significant amount of undeposited receipts, determine whether prenumbered receipts were prepared and that subsequent deposit agrees with books and bank.					

CITY _____**June 30, 2004****CASH**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
2. Obtain explanations for variances and document findings/conclusions.					
C. Cash In Bank					
1. Confirm ending bank balances and authorized check signers.	A,B, C,E				
2. Confirm beginning bank balances if the City was not audited the preceding year.					
3. Ascertain and document that confirmed, authorized check signers are current employees who should sign checks.					
4. If appropriate, request a cut-off bank statement and related paid checks directly from the bank for ____ days following year-end.					
5. If cut-off bank statements were not received, obtain bank statement and paid checks for the month immediately following year-end and perform these procedures:	A,B				
a. Scrutinize bank statement for erasures and prove mathematical accuracy of statement (withdrawals equal opening balance plus deposits minus closing balance.)					
b. Ascertain that the total of paid checks and debit memos equal total withdrawals per bank statements.					
c. Examine the paid date of each check to ascertain that the check was paid by the bank during the period covered by the bank statement.					
d. Ascertain that the opening balance equals the closing balance from the previous bank statement.					
6. Obtain or prepare bank reconciliations for bank accounts as of year-end.	A,B,D				
a. If prepared by client, foot bank reconciliation.					
b. Reconcile bank balances with book balances.					
c. Obtain or prepare a list of outstanding checks at the end of the period under audit. Include check number, amount and date written for each listed check.					
d. Verify, on a test basis, that listed outstanding checks cleared the bank after June 30.					
e. For outstanding checks over \$_____ which did not clear the bank by July 31, examine supporting documentation and list payee. Ascertain and document subsequent disposition.					

CITY _____**June 30, 2004****CASH**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> f. Determine whether the City is writing and holding checks at June 30. Comment accordingly. <ul style="list-style-type: none"> 1) Determine whether amount is material. 2) Obtain City's concurrence to adjust or determine if opinion should be modified. g. Trace all deposits in transit to subsequent bank statement and document the date deposited per books and per bank. h. Determine and document the propriety of other reconciling items. i. Determine that unclaimed property per Chapter 556.1(10) of the Code of Iowa has been reported to the State Treasurer annually before November 1st per Chapter 556.11 of the Code of Iowa. 					
<ul style="list-style-type: none"> 7. Trace transfers between banks, including money market accounts, for five days on both sides of statement date by: <ul style="list-style-type: none"> a. Preparing a schedule detailing each transfer check, recording the amount, check number, date disbursed per books and per bank, date received (deposited) per books and per bank. b. Reviewing the schedule to determine that the receipt (deposit) and disbursement side of each transfer are recorded in the proper period. 	B,D				
<ul style="list-style-type: none"> 8. Depository Resolutions <ul style="list-style-type: none"> a. Obtain a copy of the written resolution approving each depository and the maximum amount which may be kept on deposit, as required by Chapter 12C.2 of the Code of Iowa. b. Prepare a workpaper to document review or test of monthly balances to determine if depository balances were exceeded during the year. 	C				
9. Determine the allowability of any sweep accounts.					
10. Determine if uninsured public funds deposited in a credit union were secured by a letter of credit in an amount at least 110% of the uninsured amount.					
11. Determine that the City has insured that all public funds deposits with banks have met the requirements of Chapter 12C.22 of the Code of Iowa (Pledging of Public Funds Program).					
12. Determine the propriety of any cash pledged as collateral or otherwise restricted.					
13. Determine extent of use of wire transfers. Perform procedures as necessary.					

CASH

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>14. Stamped Warrants</p> <ul style="list-style-type: none"> a. Determine that interest rates paid on stamped warrants are within legally allowable limits as established by the State Rate Setting Committee in accordance with Chapter 74A of the Code of Iowa. b. Determine that stamped warrants were included as program disbursements at the time of issuance, rather than at the time of redemption. <p>D. Determine if risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures.</p> <p>E. Determine whether cash balances are properly classified and disclosures are adequate.</p> <p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p> <p><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to achieve the audit objectives for cash, and the results of these procedures are adequately documented in the accompanying workpapers.</p> <div style="display: flex; justify-content: space-between;"> Incharge _____ Date _____ </div> <div style="display: flex; justify-content: space-between;"> Manager _____ Date _____ </div> <div style="display: flex; justify-content: space-between;"> Independent Reviewer _____ Date _____ </div>	E				

CITY _____

June 30, 2004

INVESTMENTS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Financial Statement Assertions:					
1. Existence and Occurrence					
2. Completeness					
3. Rights and Obligations					
4. Valuation and Allocation					
5. Presentation and Disclosure					
Audit Objectives:					
A. Investment balances by fund type are evidenced by securities or other appropriate legal documents either physically on hand or held in safekeeping by others and include all the City's investments. (1,2)					
B. Investments are of types authorized by law and the investment policy of the City. (3)					
C. Investment values, income, gains or losses are stated correctly and allocated properly to funds. (4)					
D. Investments are properly described and classified in the financial statement and related disclosures, including restrictions and commitments, are adequate. (5)					
E. City has complied with applicable laws and regulations.					
Audit Procedures:					
A. Obtain or prepare a schedule of all investment transactions for the year including investments owned as of year-end. For U.S. Government securities, the schedule should list the par value of the security in addition to its cost.					
1. Test mathematical accuracy and trace balance to the year-end bank reconciliation/books.	A,C				
2. Determine that all investments were recorded.	A				
3. On a test basis, trace collections from sale of investments to cash receipts journal or to rollover investment.					
4. Examine investments on hand and trace to schedule or investment record.	A,C				
5. If the City has investments in government securities, sight actual investment certificate if held by the City, or confirm ownership with outside safekeeping agent.	A				
6. Determine that all investments are recorded at cost or, if acquired by gift, at fair value at date of gift. (See Step F below for cash basis cities and Step G for GAAP basis cities. Investments are to be reported at fair value in accordance with GASB 31.)	C				
7. For investments held by the City at the end of the year not able to be inspected because they were sold prior to our audit, vouch sale of investments to supporting documents and trace proceeds to bank deposit. Examination of safekeeping receipts is not sufficient.	A				

CITY _____**June 30, 2004****INVESTMENTS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
8. Determine if the City has adopted a written investment policy that complies with the provisions of Chapter 12B.10B of the Code of Iowa.					
9. Determine that changes to the investment policy comply with the provisions of Chapter 12B.10B of the Code of Iowa and have been approved by the Council.					
10. Determine that investment transactions complied with the written investment policy.					
11. Determine that all investments are authorized and comply with statutory provisions of Chapter 12B.10 of the Code of Iowa, as applicable.	B				
12. If applicable, determine if the City has an appropriate public funds custodial agreement as prescribed in Chapter 12B.10C of the Code of Iowa and the Treasurer of State's administrative rules.					
13. Determine that the underlying collateral of repurchase agreements consists of authorized investments and that the City has taken delivery of the collateral either directly or through an authorized custodian as provided in Chapter 12B.10(5)(e).	A,B				
B. Confirm investments at the end of the year.	A,B,C				
C. Determine if a fiduciary relationship exists between the City and the deferred compensation plan which complies with IRC Section 457 plans. (A fiduciary relationship exists if there is a formal trust agreement between the City and the Section 457 plan, the City offers investment advice or the City is involved in the administration of the plan.)					
1. If a fiduciary relationship exists, the deferred compensation plan assets should be recorded as a special revenue fund, in accordance with GASB 32.					
2. Confirm material deferred compensation plan assets at the end of the year.					
3. If no fiduciary relationship exists, the plan assets should not be displayed on the face of the financial statements and disclosure is not required.					
D. Related Income	B,C,E				
1. Determine that investment income was received and recorded in the proper fund. Specifically:	C				
a. Interest on Road Use Tax is recorded in the General Fund in accordance with Chapter 12C.7(2) of the Code of Iowa.					
b. Interest on cemetery perpetual care is recorded in the General Fund or other fund used for cemetery operations in accordance with Chapter 566.16 of the Code of Iowa.					

June 30, 2004

INVESTMENTS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>c. In accordance with Chapter 12C.9(2) of the Code of Iowa, interest earned on the proceeds of notes, bonds, refunding bonds and other evidence of indebtedness and funds being accumulated for the payment of principal and interest or reserves (debt service) is:</p> <ol style="list-style-type: none"> 1) Used to pay the principal or interest as it comes due on the indebtedness, (credited to debt service fund) 2) Credited to the capital project fund for which the indebtedness was issued. 					
2. Recalculate interest on a test basis.	C				
3. Determine that all June 30 unrecorded interest has been recorded to the credit of the appropriate fund.					
4. Test interest rates to determine whether rates are in accordance with statutory rates established by the State Rate Setting Committee.	B				
E. Determine propriety of any investments pledged as debt collateral or otherwise restricted.	D				
F. For cash basis cities, prepare a workpaper documenting fair value and risk category of investments on hand at June 30 for footnote disclosure.					
G. Document the risk category of investments on hand at June 30 for footnote disclosure.					
H. If the City has stock:	A,B,C				
<ol style="list-style-type: none"> 1. Determine whether the City bought or was given the stock. 2. If the stock was acquired through gift, determine the terms and conditions of the gift. 3. Include pertinent documentation in the permanent file. 					
I. If the City has investments in derivatives, determine that appropriate disclosures are made in accordance with FASB 119, SAS 92 and FASB 138.					
J. If the City has transferred financial assets or entered into a servicing contract for assets or liabilities, determine that the appropriate disclosures and assets or liabilities are recorded in accordance with FASB 140.					
K. If the City participates in security lending transaction, determine that the transactions are properly reported and the appropriate disclosures are made in accordance with GASB 28.					
L. If the City has investments with no observable market price, determine the method of measurement of fair value and evaluate for propriety in accordance with AU Section 328.					

CITY _____**June 30, 2004****INVESTMENTS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>M. Identify the outside persons who invested public funds, provided advice on the investing of public funds, directed the deposit or investment of public funds, or acted in a fiduciary capacity for the City.</p> <p>1. Determine that contracts or agreements with outside persons require the outside person to notify the City in writing of the existence of material weaknesses in internal control or regulatory orders or sanctions regarding the type of services being provided under the contracts or agreements.</p> <p>2. Obtain and review the following:</p> <p>a. The most recent audited financial statements and related report on internal control of outside persons involved in investing activities for the City.</p> <p>b. The most recent annual report to shareholders, call reports or the findings pursuant to a regular examination under state or federal law of a bank, savings and loan or credit union.</p> <p>c. The most recent annual report to shareholders of an open-end management investment company, unincorporated investment company or investment trust registered with the SEC.</p>	E				
<p>M. Determine if risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures.</p> <p>N. Determine whether investments are properly classified and related disclosures are adequate.</p>	D				

June 30, 2004

INVESTMENTS

[illegible]

CITY _____

June 30, 2004

CAPITAL ASSETS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Financial Statement Assertions:					
1. Existence and Occurrence					
2. Completeness					
3. Rights and Obligations					
4. Valuation and Allocation					
5. Presentation and Disclosure					
Audit Objectives:					
A. "Additions" or capital expenditures represent a complete and valid listing of the capitalizable cost of the property and equipment acquired during the period. (1,2,3,4)					
B. "Deletions" of capitalized costs and, if applicable, related depreciation associated with all sold, abandoned, damage, or obsolete fixed assets have been removed from the accounts. (1,2,3,4)					
Audit Procedures:					
A. If capital asset records are not maintained, perform the following:					
1. Trace approval of selected acquisitions in the minutes to the disbursements journal.	A				
2. Trace approval of selected asset dispositions from the minutes to the receipts journal.	B				
3. Review records for unapproved acquisitions or dispositions.	A				
4. Determine compliance with the provisions of Chapter 364.7 of the Code of Iowa relating to the disposition of real property.	B				
B. Determine if risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures.					

June 30, 2004

CAPITAL ASSETS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p>					
<p><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to achieve the audit objectives for capital assets, and the results of these procedures are adequately documented in the accompanying workpapers.</p>					
<p>Incharge _____ Date _____</p> <p>Manager _____ Date _____</p> <p>Independent Reviewer _____ Date _____</p>					

CITY _____

June 30, 2004

LONG-TERM DEBT

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Financial Statement Assertions:					
1. Existence and Occurrence					
2. Completeness					
3. Rights and Obligations					
4. Valuation and Allocation					
5. Presentation and Disclosure					
Audit Objectives:					
A. Debt is authorized and recorded in the proper fund type and/or governmental or business-type activity. (1)					
B. All indebtedness of the City is identified, recorded and disclosed. (2)					
C. The City has complied with the provisions of indentures and agreements related to the debt, including provisions for the use of proceeds. (3)					
D. Related disbursements or expenditures (including principal and interest payable) are properly recorded, classified, and disclosed. (4)					
E. Debt and related restrictions, guarantees, and commitments are properly presented in the combined financial statements, and related disclosures are adequate. (5)					
Audit Procedures:					
A. General obligation, special assessment and revenue bonds or notes.					
1. Determine that copies of bond or note provisions (ordinances or resolutions), including refunding bond/note issues and escrow agreements for note disclosure, sales agreements, and/or contracts are included in the permanent file. Document revenue bond special reporting requirements such as insurance, number of customers, rates, etc. for report.					
2. Review bond or note provisions for compliance with restrictive and reporting requirements and test adequacy of required account balances and document findings. Document and include any non-compliance in the notes to the financial statements and audit report comment.		C,E			
3. Determine that general obligation debt payments were recorded in the Debt Service Fund in accordance with Chapter 384.4 of the Code.		A,D			
4. If bonds or notes are callable, determine if debt service balances are adequate to provide for early retirement of bonds or notes, and if so, determine disposition.					
5. Determine and document that procedures for bonds or notes sold during the current year were in compliance with Chapters 75, 384 and 403.9 of the Code of Iowa.					

CITY _____**June 30, 2004****LONG-TERM DEBT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
6. Determine and document that interest rates on bonds sold during the period are within the interest rates authorized by Chapter 74A of the Code of Iowa. 7. Determine and document whether a bond or note register is maintained and kept current. 8. Obtain or prepare a summary of general obligation, special assessment, and revenue bond or note indebtedness activity for the year by bond or note issue. 9. On a test basis trace paid bonds/notes and coupons to the bond/note register and determine if they have been properly canceled. 10. Reconcile bonds or notes redeemed and bond/note interest paid to books. 11. Summarize bonds/notes and interest due but not paid at year-end. 12. Confirm bond/note activity for registered bonds/notes if City has designated an outside registrar or paying agent. 13. Confirm balances for FMHA single bond/note revenue bond/note issues. 14. On a test basis, trace bond/note and interest payments to canceled checks. Determine that payee agrees with bond/note and interest records for registered bonds/notes. 15. Test interest expense for reasonableness and test for the possibility of unrecorded debt. 16. Determine if special assessment balances are adequate to provide for early retirement of bonds, and if so, determine disposition in accordance with Chapter 384.68 of the Code of Iowa. 17. If City has a Treasurer's Bond and Interest Account, prepare a workpaper to reconcile checking account receipts and disbursements for bonds and coupons to general ledger. Obtain information required for note disclosure. 18. Determine that Tax Increment Financing bonds debt payments were paid from the tax increment account in accordance with Chapter 403.19(2) of the Code of Iowa. 19. If a material event has occurred, determine that the City has complied with the reporting requirements in accordance with SEC Rule No. 240.15c2-12. (Exempt are bond offerings of less than \$1,000,000 and cities whose outstanding debt is less than \$10,000,000.) 20. Determine that the indebtedness of the City was within the Constitutional limits of 5% on the value of taxable	A,B,D				

CITY _____**June 30, 2004****LONG-TERM DEBT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
property in accordance with the Iowa Constitution Article XI.3.					
B. Anticipatory Warrants/Obligations					
1. Obtain or prepare a schedule of obligations outstanding at year-end and reconcile to obligations outstanding at the beginning of the year, obligations issued during the year and obligations redeemed during the year.					
2. Review authorization for issuance of these obligations.					
3. Confirm end of year balances of anticipatory warrants.	B				
4. Determine that debt instruments issued comply with provisions of Chapter 74 of the Code of Iowa.	A				
5. Trace receipts of such obligations into the cash receipts journal and bank statements.	A				
6. If proceeds are not recorded in cash receipts journal, trace to subsidiary ledger and prepare recommended adjustment to properly record these transactions and reflect them in the fund balance.					
7. Obtain information on interest paid during the year and payment date. Recompute interest paid on a test basis.					
8. Determine that anticipatory warrants redeemed were recorded as disbursement at the time of redemption.					
9. Anticipatory warrants issued and redeemed during the year should be included as other financing sources and uses, respectively.					
C. Capital Leases And Installment Purchases					
1. Review lease and installment purchase agreements.					
2. Determine agreements were properly authorized in accordance with Chapter 364.4 of the Code of Iowa.					
3. Identify capital versus operating leases according to FASB 13 criteria.					
4. For GAAP basis cities, determine initial proceeds were recorded as an other financing source and a disbursement was recorded in the proper expenditure account.					
5. Obtain or prepare summary of payments for operating and capital leases and installment purchase agreements for the next five years and thereafter.					
6. Compare summaries to agreements.					
7. Determine fiscal year rental expense (net of leases for one month or less).					
8. Reconcile to payment schedule.					

CITY _____**June 30, 2004****LONG-TERM DEBT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>D. Judgments and Claims (See also "Insurance and Self-Insurance" section of audit program)</p> <ol style="list-style-type: none"> 1. Obtain a listing of judgments and claims against the City. 2. Trace to supporting documentation. 3. Determine if judgments/claims were paid out of the proper fund. <p>E. Determine that the disbursements of the Debt Service Fund were limited to the following purposes in accordance with Chapter 384.4 of the Code of Iowa:</p> <ol style="list-style-type: none"> 1. Judgments against the City except those authorized by law to be paid from other funds. 2. Interest and principal of all general obligation bonds/notes issued by the City. 3. Payments required to be made from the Debt Service Fund under a lease or lease-purchase agreement. 4. Payments required to be made from the Debt Service Fund under a loan agreement. <p>F. Determine that other long-term debt (lease-purchase agreements, deferred payment contracts, real estate contracts, loans, TIF development agreements, local option sales tax bonds) is included in the financial statements if applicable, is properly disclosed, and that adequate documentation is filed in the workpapers. Determine that loan and other agreements comply with Chapters 364.4(4), 384.24A, 384.83, 403.9 and 422B.12 of the Code of Iowa.</p> <p>G. Prepare workpaper reconciling debt payments shown on Statement of Indebtedness to the amounts reported in the schedules if not readily apparent in the financial statements. Explain the variances.</p> <p>H. Determine if risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures.</p> <p>I. Determine whether long-term debt is properly classified and disclosures are adequate.</p>	E				

June 30, 2004

LONG-TERM DEBT

[illegible]

CITY _____

June 30, 2004

FUND BALANCE

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Financial Statement Assertions:					
1. Existence and Occurrence					
2. Completeness					
3. Rights and Obligations					
4. Valuation and Allocation					
5. Presentation and Disclosure					
Audit Objectives:					
A. All authorized reservations and designations of the fund balance are properly recorded. (1,2)					
B. Components of fund balances are determined in accordance with state and local regulations and requirements. (3)					
C. Components of the fund balance are properly computed and are described, classified and disclosed appropriately in the financial statements. (3,4,5)					
Audit Procedures:					
A. Obtain or prepare a fund balance workpaper to determine that the fund balance of each fund is separately stated and properly classified and that the unexpended balance of any special fund is properly accounted for.	A				
B. Determine that the Clerk's report foots and trace ending balances to fund balance workpaper.					
C. Review ending account balances for material deficits and include comment and footnote disclosure, if appropriate, in report. Document City's plans to eliminate deficits, if any.	C				
D. Determine that special assessments are recorded in the proper fund and review for deficit balances and inactive funds. Recommend necessary transfers, if appropriate.	A				
E. For enterprise funds with deficit balances, determine if there is a net earnings violation (book transfers are made to sinking accounts per the bond/note resolution, but if the operating accounts are in a deficit position, the sinking accounts are not backed by cash) and comment if appropriate.	C				
F. Determine that projects are appropriately accounted for in separate capital projects accounts.	C				
G. Review capital projects accounts for inactive accounts and recommend transfers to close these accounts.	C				
H. If a single fund is used to account for risk financing activities, determine whether self-insurance is properly recorded in the General Fund or as an Internal Service fund rather than an Agency Fund.	A				
I. Determine that TIF collections were properly recorded in a separate Special Revenue Fund in accordance with Chapter 403.19 of the Code of Iowa.					

CITY _____**June 30, 2004****FUND BALANCE**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
J. Review June 30 fund balances by fund to determine if balances were in excess of current year disbursements.	C				
K.. If there are substantial fund balances, inquire of City to determine if they have any specific plans and commitments for the excess balance. Document conference.	B				
L. Review the reasonableness of TIF fund balances at year-end.					
1. Determine whether deficits are due to timing differences in TIF collections and disbursements or whether the City's TIF request certified at December 1 was insufficient. Discuss with City officials.					
2. Determine whether surplus balances are being accumulated for active TIF projects or whether the City has certified in excess of TIF needs. TIF revenues may only be used within the TIF plan.					
3. If excess funds have been accumulated, comment accordingly. The City should consult legal counsel regarding the disposition of the excess balance.					
M. Document findings and identify purpose of any contingency.	B				
N. Examine journal entries and other adjustments made directly to the financial statements. (AU 316.58)					
1. Select specific journal entries for testing. Document the items selected.					
2. Examine the related accounting records and supporting documents or ensure selected items have been examined as part of testing performed in individual transaction cycle audit programs.					
3. Identify and consider the appropriateness of significant adjustments made in the preparation of financial statements. Examine whether supporting documentation agrees to amounts in the audit workpapers, where tested.					
4. Make inquiries of employees involved in the financial reporting process about the possibility of unusual or improper journal entries.					
O. Annual Financial Report	A				
1. Determine that the Annual Financial Report required by Chapter 384.22 of the Code of Iowa was completed and filed by December 1.					
2. Reconcile the Annual Financial Report with the City's ledgers.					
3. Investigate variances. Consider adjustments and/or comment for material variances.					
P. Document reconciliation of client's year-end financial statement, for all funds, to Statement of Cash Transactions in audit report. Resolve any differences in balances.					

June 30, 2004

FUND BALANCE

[illegible]

CITY _____

June 30, 2004

RECEIPTS/REVENUES

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Financial Statement Assertions:					
1. Existence and Occurrence					
2. Completeness					
3. Rights and Obligations					
4. Valuation and Allocation					
5. Presentation and Disclosure					
Audit Objectives:					
A. Only revenues that are available and measurable in this fiscal period have been recorded, and are valid. (1)					
B. All revenues that are available and measurable in this fiscal period have been recorded. (1,2)					
C. The City has satisfied the relevant legal requirements to receive all revenues recorded. (3)					
D. Revenues have been billed or charged in accordance with legal requirements and have been recorded at the correct amounts. (3,4)					
E. Revenues are properly classified, as applicable, in the entity-wide statements and/or fund financial statements and related disclosures are adequate. (5)					
Audit Procedures:					
A. Property Tax					
1. Confirm total tax receipts by levy directly with the County Treasurer.	A,B, C,D				
2. Trace distribution to ledger to determine if properly posted.	D				
3. Reconcile any differences.					
4. Determine that police and fire retirement, employee benefits or other special tax levy collections were properly recorded in a special revenue fund.					
5. Determine that the proceeds of any special levies were expended in accordance with statutory provisions (e.g. Chapter 670 of the Code of Iowa for insurance premium levy.)					
6. If the City received a portion of the physical plant and equipment levy tax from a school district in accordance with Chapter 403.19(2) of the Code of Iowa:	C				
a. Review the request prepared by the City for reasonableness.					
b. Determine that the amount certified by the City was necessary to pay the principal and interest on indebtedness that was incurred by the City before July 1, 2000.					

CITY _____**June 30, 2004****RECEIPTS/REVENUES**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
B. Other City Taxes					
1. Confirm other city taxes and reconcile confirmed amounts with the general ledger.	A,B, C,D				
2. Determine that hotel/motel and other local option tax receipts were expended in accordance with statutory provisions and local provisions, if any. File a copy of the ballot and/or local provisions in the permanent file.	C				
C. Revenue From Other Governmental Sources					
1. Confirm revenue received from federal, state and county sources and reconcile amounts per confirmation with the general ledger:	A,B, C,D				
a. State allocation.					
b. Road use tax.					
c. Community development block grant.					
d. Local option sales tax.					
e. List grants and others – confirm all material amounts.					

2. Trace amounts per confirmation to deposit and determine if timely.	B,D				
3. Determine that such funds were recorded in the proper fund and were being used for authorized purposes.	C,E				
D. Special Assessments					
1. Confirm total special assessment receipts by project directly with County Treasurer and reconcile to general ledger.	A,B, C,D				
2. Trace distribution to ledger to determine if properly posted.	E				
3. Reconcile any differences.					
4. Review authorization for each special assessment project.	C				
E. Enterprise Revenues (Water, Electric, Etc.)					
1. Compare current year receipts with prior years and investigate any material variances from expectations. Document findings.					
2. Where charges are based on variable quantities or volume of usage, test records of usage such as meter reader reports.	B				

CITY _____

June 30, 2004

RECEIPTS/REVENUES

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
3. Obtain copy of rates and test rates charged against those authorized and determine that rates were properly established by ordinance of council or resolution of board of trustees in accordance with Chapter 384.84 of the Code of Iowa.	A,C				
4. Review rate structure to determine that rates are not discriminatory in accordance with Chapter 388.6 of the Code of Iowa.	C,D				
5. Test computation of billings.	D				
6. Trace collection to cash receipts journal and trace to validated deposit ticket. If collections cannot be traced to deposit, consider additional procedures.	A,B				
7. Determine if a monthly and/or year-end list of delinquent accounts is maintained and obtain a copy of the listing . a. If not available, comment accordingly. b. If available, apply procedures to determine accuracy and completeness of listing for one month and/or at year-end. c. Review listing for large balances and document collection procedures performed by the City.	C				
8. Determine if delinquent accounts are for City officials, employees or their businesses and document on workpapers for exit conference discussion. Confidentiality requirements prohibit report disclosures.					
9. Obtain a copy of established procedures for assessing penalties, instituting shut-offs, etc., on delinquent accounts and ascertain if these procedures have been followed. Include a copy in permanent file.					
10. Ascertain authorizations and procedures for write-offs of uncollectible accounts and test any write-offs which have been made during the period under audit.					
11. Ascertain if a separate file of accounts written-off is maintained and, if so, is it periodically reviewed to determine if these accounts subsequently become collectible.					
12. Determine if monthly reconciliations of billings and collections are prepared. a. If not available, comment accordingly. b. If available: 1) Apply procedures to determine accuracy and completeness of the reconciliation for one month and/or at year-end. 2) Comment accordingly if variances have not been adequately resolved.	A,B				

CITY _____

June 30, 2004

RECEIPTS/REVENUES

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> c. If not available, perform reconciliation procedures for one month and/or at year-end. d. For one month, reconcile total collections to posting in receipt journal and to deposits. 					
F. Sales Tax					
<ul style="list-style-type: none"> 1. Determine whether sales tax was collected on the appropriate transactions and remitted to the Iowa Department of Revenue and Finance in accordance with Chapters 422.43 to 422.45 of the Code of Iowa. For the sale of metered gas and electricity to residential customers or fuel used to provide heat to residential dwellings, the sales tax will be phased out starting January 2002. The reduction in the tax rate is one percentage point per calendar year through 2006. 					
G. Sale of Bonds/Notes					
<ul style="list-style-type: none"> 1. Review authorization for issuance. 	C,D				
<ul style="list-style-type: none"> 2. Test premiums or discounts and accrued interest from sale of bonds for compliance with Chapter 75.5 of the Code of Iowa. 	C				
<ul style="list-style-type: none"> 3. Determine that bonds sold were properly recorded and trace proceeds to cash receipts record and bank statement. 	A,B,D				
<ul style="list-style-type: none"> 4. Determine that interest rates on special assessment bonds is not in excess of the rate collected on individual assessments. 	C				
<ul style="list-style-type: none"> 5. Determine that proceeds of notes, bonds, refunding bonds and other evidence of indebtedness if not immediately needed were invested in accordance with Chapter 12C.9(1) of the Code of Iowa. 					
H. General					
<ul style="list-style-type: none"> 1. On a test basis, foot and crossfoot the cash receipts journal and trace total to clerk's report. 	A,B,D				
<ul style="list-style-type: none"> 2. Scan ledgers or receipts detail for unusual receipts. Investigate accordingly. 					
<ul style="list-style-type: none"> 3. Prepare a summary of tests performed and review for adequacy. 					
<ul style="list-style-type: none"> 4. Determine if additional testing is required and if so, select receipts for testing and perform the following: <ul style="list-style-type: none"> a. Determine receipt number, from whom received, purpose and amount. b. Trace posting to cash receipts journal. c. Determine if account classification is correct. 	A,B,D				

June 30, 2004

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>d. Vouch to supporting documentation, if available.</p> <p>e. Trace to validated deposit ticket.</p> <p>f. Determine if deposit is made intact on a timely basis.</p> <p>g. Determine that receipts from sale of licenses, permits or other fees were charged at the proper rate.</p> <p>I. Scan deposit tickets and evaluate reasonableness of amounts of currency deposited, considering the types of revenues expected to be received in currency.</p> <p>J. Determine if risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures.</p> <p>K. Determine whether receipts are properly classified and disclosures are adequate.</p> <p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p> <p><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to achieve the audit objectives for revenues and receipts, and the results of these procedures are adequately documented in the accompanying workpapers.</p> <p>Incharge _____ Date _____</p> <p>Manager _____ Date _____</p> <p>Independent Reviewer _____ Date _____</p>	E				

CITY _____

June 30, 2004

DISBURSEMENTS/EXPENDITURES

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Financial Statement Assertions: 1. Existence and Occurrence 2. Completeness 3. Rights and Obligations 4. Valuation and Allocation 5. Presentation and Disclosure Audit Objectives: A. Recorded expenditures and cash disbursements are for goods or services authorized and received. (1) B. Expenditures incurred for goods or service have all been identified. (2) C. Expenditures for goods or services are authorized and in accordance with applicable regulations or requirements. (3) D. Expenditures for goods or services and related disbursements have been recorded correctly as to account, fund, period, and amount. (4) E. Expenditures for goods or services are properly presented, as applicable, in the entity-wide and/or fund financial statements and related disclosures are adequate. (5) Audit Procedures: A. General 1. On a test basis, foot and crossfoot the cash disbursements journal and trace total to the clerk's report. 2. Scan disbursement journal for unusual disbursements. Investigate accordingly. 3. For travel and questionable disbursements: a. Scan account detail for travel expenses and disbursements which may not meet public purpose criteria. b. Prepare workpapers as necessary to adequately document for report presentation. 4. Determine the extent of purchases by credit card and test if significant. 5. Schedule all related party transactions (with City officials or employees) for comment in accordance with Chapter 362.5 of the Code of Iowa. The workpaper should list all payments made during the period. For reporting purposes, include all payments applicable for the period when the individual was an employee or official of the City. Disclose material transactions in the notes to the financial statements. 6. Review disbursements to determine if the City has incurred expenditures for economic development. If they					
	C				
	E				

CITY _____

June 30, 2004

DISBURSEMENTS/EXPENDITURES

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>have, review for appropriateness and determine if City documented public purpose in accordance with Chapter 15A of the Code of Iowa. Prepare report comment if applicable.</p> <p>7. For tax increment financing (TIF) urban renewal projects, review disbursements for the following:</p> <p>a. Disbursements are in accordance with urban renewal plans.</p> <p>b. Disbursements are disbursed within the TIF district.</p> <p>c. Amendments to the plan(s), if any, were made in accordance with Chapter 403.5 of the Code of Iowa.</p> <p>B. Disbursements</p> <p>1. Select disbursements for testing the following items:</p> <p>a. Disbursement was properly authorized and approved for payment.</p> <p>b. Disbursement was charged to the proper fund.</p> <p>c. Disbursement was charged to the proper disbursement account.</p> <p>d. Disbursement was supported by invoice or contract which was mathematically correct.</p> <p>e. Invoice or other documentation was canceled to prevent reuse.</p> <p>f. Canceled checks or electronically retained check images per Chapter 554D.114(5) of the Code of Iowa are proper endorsed and cancelled.</p> <p>g. Disbursements for capital assets are included on the capital asset listing, if applicable.</p> <p>h. Signatures were authorized per confirmed list from bank.</p> <p>i. The disbursement appears to meet the test of public purpose. For those items which are questionable the City should have adequate documentation as to how the expenditure(s) meet the test of public purpose.</p> <p>j. The disbursement is proper under federal laws and regulations, if applicable.</p> <p>k. Mileage was paid at a rate approved by the Council and not in excess of amount allowable under Federal Internal Revenue Service rules as provided by Chapter 70A.9 of the Code of Iowa.</p>	<p>A,B, C,D</p> <p>C</p>				

CITY _____

June 30, 2004

DISBURSEMENTS/EXPENDITURES

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ol style="list-style-type: none"> 1. Real property acquired for an urban renewal project was acquired after the Council approved the urban renewal project in accordance with Chapter 403.5(4) of the Code of Iowa. 2. On a test basis, prepare a workpaper for capital projects and other construction contracts to: <ol style="list-style-type: none"> a. Reconcile original contract to final contract. b. Reconcile total payments to-date by scheduling prior year payments, current year payments, payments due and retainage due. c. Determine that projects and contracts were authorized and approved by the governing body. d. Determine that public hearing and bidding requirements were followed in accordance with Chapters 384.95 to 384.103 of the Code of Iowa for the following thresholds: <ol style="list-style-type: none"> 1. For public improvements with a total cost to the City of \$25,000 or more, other than road, bridge and culvert projects. 2. For public improvements for road, bridge and culvert construction work where the engineer's estimate exceeds the amount authorized by the bid threshold committee per Chapter 314.1B of the Code of Iowa (currently \$35,000 for city's less than 50,000 in population and \$50,000 for cities with greater than 50,000 in population). e. Obtain and review the annual report to Department of Transportation for inclusion of the cost accounting of all instances of the use of day labor and contracts for construction per Chapter 312.14 and 314.1A of the Code of Iowa. f. Determine that any enhancement payments made for early completion of the project did not exceed 10 percent of the value of the contract in accordance with Chapter 384.99 of the Code of Iowa. g. Determine that the City applied for and received sales tax refunds on completed projects unless an exemption certificate was issued by the City for the contractor per Chapter 422.42 of the Code of Iowa. 	A,B, C,D				
C. Internal Service Funds					
<ol style="list-style-type: none"> 1. Through analytical procedures or scanning, determine if disbursements appear to be in accordance with the purpose of the fund. 					

CITY _____**June 30, 2004****DISBURSEMENTS/EXPENDITURES**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
2. Determine that expenditures from operating funds to Internal Service Funds are correctly charged against the budget. 3. For each internal service account, reconcile total revenues in the Internal Service Fund to contributions or transfers from the operating funds. D. If solid waste fees were retained or received from a separate entity in accordance with Chapter 455B.310 of the Code of Iowa, determine if the fees were expended only for the purposes allowed in Chapter 455B.310 (4) of the Code of Iowa. E. If additional solid waste fees of twenty-five cents of the tonnage fee were retained in accordance with Chapter 455B.310 of the Code of Iowa: 1. Determine if an updated comprehensive plan has been approved by the Iowa Department of Natural Resources. 2. Determine if the fees were expended only for the purposes allowed in Chapter 455B.310(3) of the Code of Iowa. F. Prepare summary of tests performed and review for adequacy. G. Determine if risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures. H. Determine whether disbursements are properly classified and disclosures are adequate.	A,B				
	E				

DISBURSEMENTS/EXPENDITURES

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					
<u>CONCLUSION:</u> We have performed procedures sufficient to achieve the audit objectives for disbursements and expenditures, and the results of these procedures are adequately documented in the accompanying workpapers.					
Incharge _____ Date _____ Manager _____ Date _____ Independent Reviewer _____ Date _____					

PAYROLL

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Financial Statement Assertions: 1. Existence and Occurrence 2. Completeness 3. Rights and Obligations 4. Valuation and Allocation 5. Presentation and Disclosure Audit Objectives: A. Payroll (wages, salaries, and benefits) disbursements are made only for work authorized and performed. (1,2) B. Payroll is computed using rates and other factors in accordance with contracts and relevant laws and regulations. (3) C. Payroll and related liabilities are recorded correctly as to amount and period and distributed properly by account, fund and budget category, and disclosures are adequate. (4,5) Audit Procedures: A. On a test basis, foot and cross-foot payroll records and trace total to appropriate document(s). Document selection methods and results of tests. B. On a test basis, select payroll transactions from throughout the year to test: 1. Authorization for gross pay or hourly rate. 2. Approval of hours worked. 3. Accuracy of number of hours paid per payroll journal to hours worked per approved timesheet (for hourly employees). 4. Accuracy of calculations of gross pay. 5. Accuracy of computation of FICA and IPERS and other retirement contributions withheld. 6. Reasonableness of computation of federal and state withholding. 7. Authorization for payroll deductions. 8. Endorsement and cancellation of check are proper. C. Determine that timesheets are prepared and approved for all employees, including salaried employees. D. Consider analytical procedures to substantiate payroll amounts and withholdings. E. Determine if Forms 941, W-3, or W-2 were filed with the IRS as appropriate. F. Review copies of payroll tax returns and document reconciliation of gross wages and the City share of FICA and					
	A				
	A,B,C				
	A,C				

CITY _____**June 30, 2004****PAYROLL**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
IPERS to disbursements records. Explain material variances.	A,C				
G. Prepare a workpaper documenting total City contributions to IPERS.	C				
H. For retirement systems (other than IPERS):					
1. Review and update permanent file information on pension plans. Identify and document the type of plan.					
2. Obtain copy of actuarial report and review. Include copy of pertinent data in file.					
3. Determine employee groups covered by each plan.					
4. Obtain and verify appropriate information for disclosure.					
I. Determine that actual gross salaries have been published as required for all employees in accordance with Chapter 372.13 of the Code of Iowa and Attorney General's opinion dated April 12, 1978. Obtain a copy of the publication and test selected items for accuracy.	B				
J. If the City has a tax levy for employee benefits, review payments from this account to ensure the levy is used only for benefits for employees whose salary is paid from the General Fund or the Road Use Tax Account in accordance with City Finance Committee rules.					
K. Determine through testing that increases in wages for mayor or council members comply with Chapter 372.13 of the Code of Iowa.					
L. Compensated Absences	C				
1. Review the City's policies for earned vacation, sick leave and related FICA/IPERS benefits.					
2. Obtain or prepare summary of compensated absences at June 30.					
3. Determine that amounts have been determined in accordance with the provisions of GASB Statement 16 including related fringe benefits.					
M. Determine if any employees receive a flat dollar allowance for travel or uniform cleaning. If so, determine if this allowance is included in taxable income on the W-2.					
N. Vehicle Usage	A				
1. Determine if the City provides vehicles for employee use.					
2. Obtain a copy of City's policy regarding vehicle usage. Identify specifics for:					
a. Incidental personal use.					

CITY _____**June 30, 2004****PAYROLL**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> b. Commuting. c. Assignment of vehicles. d. Documentation required. e. Restricted vehicle uses. f. Reimbursement by employees for personal use. g. Additional compensation for employees. h. Public purpose served. i. Other. <p>3. Determine if City's procedures are adequate and reasonable to comply with:</p> <ul style="list-style-type: none"> a. Recordkeeping requirements. b. Taxation requirements. c. Public purpose requirements. <p>O. Determine if the City properly prepared Form 1099 for outside services of \$600 or more and determine that workers were properly classified as independent contractors rather than employees.</p> <p>P. Prepare a summary of tests performed and review for adequacy.</p> <p>Q. Determine if risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures.</p> <p>R. Determine whether payroll and related compensated absences are properly classified and disclosures are adequate.</p>	C				

PAYROLL

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p>					
<p><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to achieve the audit objectives for payroll, and the results of these procedures are adequately documented in the accompanying workpapers.</p>					
<p>Incharge _____ Date _____</p> <p>Manager _____ Date _____</p> <p>Independent Reviewer _____ Date _____</p>					

TRANSFERS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Financial Statement Assertions: <ol style="list-style-type: none"> 1. Existence and Occurrence 2. Completeness 3. Rights and Obligations 4. Valuation and Allocation 5. Presentation and Disclosure Audit Objectives: <ol style="list-style-type: none"> A. All transfers have been identified, adequately supported and properly authorized. (1,2) B. Transfers comply with statutory requirements, if any. (3) C. Transfers are recorded in the proper time period under audit, and correct as to accounts and amounts recorded. (4) D. Transfers are properly classified and disclosures are adequate. (5) Audit Procedures: <ol style="list-style-type: none"> A. Obtain or prepare a schedule of all fund transfers during the year. B. Identify and document the date and purpose of each transfer and trace to supporting documentation. Document description on workpaper. C. Trace transfers to approval in the minutes or budget, as applicable. D. Review transfers for propriety and document findings. E. Determine that transfers from TIF funds are in accordance with urban renewal plans and are for allowable activity within the TIF district. F. Determine that transfers-in equal transfers-out. G. Determine that transfers were recorded in the proper fund and proper period. H. Determine if risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures. I. Determine whether transfers are properly classified and disclosed. 					
	A,B,C				
	A				
	C				
	D				

TRANSFERS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					
<u>CONCLUSION:</u>					
We have performed procedures sufficient to achieve the audit objectives for transfers, and the results of these procedures are adequately documented in the accompanying workpapers.					
Incharge _____	Date _____				
Manager _____	Date _____				
Independent Reviewer _____	Date _____				

CITY _____**June 30, 2004****BUDGET**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives:					
A. The annual operating budget, and amendments thereto, are properly prepared, documented and approved and the City complied with legal requirements.					
B. Budgetary comparisons are properly included in the appropriate financial statements and schedules of governmental funds for which an annual budget has been adopted.					
Audit Procedures:					
A. Obtain a copy of the adopted budget certificate summary.	A				
B. Obtain a copy of each notice, record of hearing and certificate to amend current budget; including the purpose of the amendment.	A				
C. Examine proof of publication for published budget and reconcile to adopted budget. Notice of the public hearing on the budget must be published not less than ten nor more than twenty days before the hearing in accordance with 384.16(3) of the Code of Iowa. Determine that the tax levy adopted was not in excess of the estimate published in accordance with Chapter 384.16(5) of the Code of Iowa.	A				
D. Examine proof of publication for each published budget amendment.	A				
E. Compare property tax askings and total disbursements between published budget and budget certificate summary to determine tax askings and total disbursements were not increased after publication in accordance with Chapter 384.16(5) of the Code of Iowa.					
F. Determine that hearings were held and publications were made in accordance with Chapter 384.16 of the Code of Iowa.					
G. Determine that the budget was certified by March 15. If not, determine that the tax levy was limited to the prior year's budget amount per Chapter 384.16(6) of the Code of Iowa.	A				
H. Determine that amounts reported on the Tax Increment Debt Certificate represent outstanding loans, advances, indebtedness or bonds which qualify for payment from City TIF revenues in accordance with Chapter 403.19(5) of the Code of Iowa.					
I. Determine the financial report for urban renewal areas was filed each odd-numbered year with the County Auditor and the Department of Management by December 1 in accordance with Chapter 403.23(1) of the Code of Iowa.					
J. Determine accuracy of budget amendments (i.e., figures in "Last Budget as Certified or Last Amendment" column are correct; amounts in each applicable program crossfoot).	A				

BUDGET

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
K. Determine if amendments were adopted before disbursements exceeded the function budget. (Chapter 384.20 of the Code of Iowa.)	A				
L. If amendment was adopted, determine if it was adopted by May 31.	A				
M. If not, determine if amendment was protested.					
N. If protested, determine if Appeal Board decision was reached before June 30.					
O. Prepare a workpaper to compare disbursements by function with the budget or amended budget and document and disclose any over-expenditures in the notes to the financial statements and audit comment section.	B				
P. Document reason(s) for significant variance(s) between budgeted and actual receipts/revenues.					
Q. Determine if the risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					
<u>CONCLUSION:</u>					
We have performed procedures sufficient to achieve the audit objectives for budget and the results of these procedures are adequately documented in the accompanying workpapers.					
Incharge _____	Date _____				
Manager _____	Date _____				
Independent Reviewer _____	Date _____				

INSURANCE AND SELF INSURANCE

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Financial Statement Assertions: <ol style="list-style-type: none"> Existence and Occurrence Completeness Rights and Obligations Valuation and Allocation Presentation and Disclosure Audit Objectives: <ol style="list-style-type: none"> Claims paid in the period are recorded correctly as to account, amount, and period and are disbursed in accordance with the City's policies and procedures for claims settlement. (1,3,4) Insurance (self-insurance) receipts, disbursements, operating transfers, and fund balance are properly classified and described in the financial statements and related disclosures are adequate. (5) The City has complied with applicable laws and regulations. Audit Procedures: <ol style="list-style-type: none"> Inquire about the City's policies and procedures for administering and financing insurance claims, including whether insurance policies are carried for complete coverage of some or all risks, or only for excess liabilities. Prepare a workpaper to summarize amount and type of significant coverage. Review coverage to: <ol style="list-style-type: none"> Determine if reasonable and current. Determine significant areas in which risk is retained. Verify and review surety bond coverage for reasonableness and compliance with statutory requirements for all officials and employees in accordance with Chapter 64 of the Code of Iowa. If a separate insurance fund has been established, consider analytical procedures such as comparing claims expenditures and other fund transactions (i.e. employee contributions, insurance premiums, and administrative fees) to the prior period actual and relate to the number of covered employees (if applicable). If the City has a self-funded health insurance plan, including self-funded deductibles: <ol style="list-style-type: none"> Obtain a copy of the actuarial report required by Chapter 509A.15 of the Code of Iowa. Determine if copy of the actuarial opinion and annual financial report were filed with the Insurance Commissioner within 90 days of year-end. 					
	A				
	C				
	A				
	C				

June 30, 2004

INSURANCE AND SELF INSURANCE

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>3. If an actuarial report was not obtained because the City qualified under Chapter 509A.15(4) of the Code of Iowa, determine that a waiver was properly requested to the Iowa Insurance Division.</p> <p>F. If an outside administrator or service company is used:</p> <ol style="list-style-type: none"> 1. Obtain a copy of the annual report on the status of the program. 2. Compare report with prior periods and discuss any unusual variances with responsible official. 3. Determine if unexpended balances on hand with outside administrator/service company should be included as cash balances of the City. <p>G. Determine adequacy of financial statement presentation and disclosures. Disclosures should include:</p> <ol style="list-style-type: none"> 1. Description of risks of loss the entity is exposed to and ways in which those risks are handled (i.e., purchase of commercial insurance, participation in a public entity risk pool, or risk retention). Describe significant reductions, if any, in insurance coverage from the previous year by major category of risk, and any settlements in excess of insurance coverage in any of the prior three fiscal years. 2. If the City participates in a public entity risk pool, describe the nature of participation and rights and responsibilities of the entity and the pool. 3. If the City retains some risk of loss, include the additional disclosures required by GASB 10 (GASB Codification, Section C.50.144(d)). 4. For Internal Service Funds, also disclose any deficit fund balance. <p>H. Determine if risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures.</p>	<p>A,B</p> <p>B</p>				

INSURANCE AND SELF INSURANCE

[illegible]

CITY _____

June 30, 2004

SEPARATELY MAINTAINED RECORDS

Name of entity					
PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>The Incharge Auditor should prepare an audit program for each entity with separately maintained records, including reported component units, and obtain approval of the manager prior to performing the audit steps. The program should be prepared in the prescribed format, specifying audit objective, audit procedures, alternate procedures, conclusion and sign-offs. This can also be documented on the City’s audit program, but it should be clearly documented.</p>					
<div><div>Incharge _____ Date _____</div><div>Manager _____ Date _____</div><div>Independent Reviewer _____ Date _____</div></div>					

CITY _____

June 30, 2004

SINGLE AUDIT

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives: A. Federal revenues and expenditures are valid and complete and, if applicable, indirect costs are allocated properly. B. Federal revenues and expenditures are properly presented in the financial statements. C. The City has complied with laws and regulations affecting the expenditure of grant funds. Note: Programmatic requirements are unique to each federal program and can be found in the laws, regulations, and provisions of contract and grant agreements pertaining to the program. For programs listed in the Compliance Supplement, the programmatic requirements can be found in Part 4. For those not covered in the Compliance Supplement, review Part 7 of the supplement. Audit Procedures: A. Review applicable reference material: 1. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. 2. OMB Circular A-133 Compliance Supplement. 3. OMB Circular A-102 (Revised), Grants and Cooperative Agreements with State and Local Governments (March 3, 1988). 4. OMB Circular A-87, Cost Principles for State and Local Governments (Federal Register, May 17, 1995). 5. Statement on Auditing Standards (SAS) No. 74, Compliance Auditing Considerations in Audits of Governmental Entities and Other Recipients of Governmental Financial Assistance (AICPA, Professional Standards, vol. 1, AU801). 6. GAO <u>Government Auditing Standards</u> (the Yellow Book), 1994 revision. 7. Federal Cognizant Agency Audit Organization Guidelines (the Orange Book) Revised November 1987. 8. AICPA Audit Guide, Audits of State and Local Governmental Units. 9. OMB Catalog of Federal Domestic Assistance. 10. Applicable sections of the Code of Federal Regulations. B. Obtain or prepare a Schedule of Expenditures of Federal Awards. If prepared by auditor, determine that independence will not be impaired. The schedule should include: 1. Federal grantor or pass-through agency, if applicable. 2. Program name.					
	A				

June 30, 2004

SINGLE AUDIT

[illegible]

CITY _____

June 30, 2004

SINGLE AUDIT

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
2. Review Compliance Supplement for any special tests and provisions and perform appropriate procedures to ensure compliance. 3. Report the following items in Part III of the Schedule of Findings and Questioned Costs in accordance with OMB Circular A-133 (par. 510): a. Reportable conditions in internal control over major programs. b. Material non-compliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program. c. Known or likely questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. (Should include information to provide proper perspective for judging the prevalence and consequences of the questioned costs) d. Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a federal program which is not audited as a major program. (Note: except for audit follow-up, the auditor is not required to perform audit procedures for such federal programs) e. The circumstances concerning why the auditor's report on compliance for major programs is other than an unqualified opinion, unless such circumstances are otherwise reported as findings. f. Known fraud affecting a federal award, unless such fraud is otherwise reported as a finding. g. Instances where the results of audit follow-up procedures disclosed that the summary schedule of prior audit findings prepared by the auditee materially misrepresent the status of any prior audit finding. 4. Report other findings in Part IV of the Schedule of Findings and Questioned Costs.					

CITY _____

June 30, 2004

SINGLE AUDIT
COMMON REQUIREMENTS

<u>PROCEDURE</u>	<u>OBJ.</u>	<u>DONE BY</u>	<u>W/P REF</u>	<u>N/A</u>	<u>REMARKS</u>
<p>The following applicable common requirements should be tested in conjunction with the other tests of detail or through other appropriate tests:</p> <p>A. <u>ACTIVITIES ALLOWED OR UNALLOWED:</u></p> <ol style="list-style-type: none"> 1. Identify the types of activities allowed and unallowed for the program(s) tested. 2. If allowability is determined based upon summary level data, verify allowability of the activity and that individual transactions were properly classified and accumulated into the activity total. 3. If allowability is determined based upon individual transactions, select a sample of transactions and verify allowability of the activity. Be alert for any large dollar transfers from program accounts which may have been used to fund unallowable activities. 4. If the agency under audit is considered a pass-through entity, test a sample of approved subrecipient agreements to verify that the activities covered by the agreement are allowable. <p>B. <u>ALLOWABLE COSTS/COST PRINCIPLES:</u></p> <ol style="list-style-type: none"> 1. For transactions selected which involve federal funds determine whether the costs meet the following criteria: <ol style="list-style-type: none"> a. Authorized or not prohibited under state or local laws or regulations. (Certain costs require specific approval; others are not allowable.) b. Approved by the federal awarding agency, if required. c. Conform to any limitations or exclusions set forth in the Circular (A-87, A-21, A-122), or limitations in the program agreement or specific requirements in the program regulations. d. Costs must be allocable to the federal awards under the provisions of OMB's cost principal Circulars (A-87, A-21, A-122). e. Represent charges for actual costs, not budgeted or projected amounts. f. Allocations of fringe benefits allocations, changes or rates are based on the benefits received by different classes of employees within the organization. g. Given consistent treatment with policies, regulations, and procedures applied uniformly to federal and non-federal activities of the agency. h. Given consistent accounting treatment within and between accounting periods and not allocable to or 					

CITY _____

June 30, 2004

SINGLE AUDIT
COMMON REQUIREMENTS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>included as a direct cost of a federal program if the same or similar costs are allocated to the federal program as an indirect cost.</p> <p>i. Calculated in conformity with generally accepted accounting principles or other comprehensive basis of accounting, when required under the cost principles circulars.</p> <p>j. Not included as a cost or used to meet cost sharing or matching requirements of another federally supported activity in either the current or a prior period.</p> <p>k. Costs must be net of all applicable credits that result from transactions that reduce or offset direct or indirect costs.</p> <p>l. Not included as both a direct billing and a component of indirect costs, i.e., excluded from costs pools included in cost allocation plans (CAPS.)</p> <p>m. Supported by underlying documentation.</p> <p>2. When material charges are made from internal service, central service, pension, or similar activities or funds, verify that the charges from these activities or funds are in accordance with the cost principal circulars.</p> <p>a. For activities accounted for in separate funds, ascertain if:</p> <p>1) Retained earnings/fund balances (including reserves) were computed in accordance with the applicable cost principles.</p> <p>2) Working capital was not excessive in amount (generally not greater than 60 days for cash expenses for normal operations incurred for the period exclusive of depreciation, capital costs and debt principal costs).</p> <p>3) Refunds were made to the federal government for its share of any amounts transferred or borrowed from internal service or central service funds for purposes other than to meet the operating liabilities, including interest on debt, of the fund.</p> <p>b. Verify that all users of services were billed in a consistent manner.</p> <p>c. Verify the billing rates exclude unallowable costs.</p> <p>d. Verify, where billing rates are not accounted for in separate funds, that billing rates are developed based on actual costs and were adjusted to eliminate profit.</p> <p>e. For organizations that have self-insurance and a certain type of fringe benefit programs (e.g. pension</p>					

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SINGLE AUDIT
COMMON REQUIREMENTS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>funds), verify that independent actuarial studies appropriate for such activities are performed at least biennially and that current costs were allocated based on an appropriate study which is not over two years old.</p> <p>3. Cost Allocation Plans/Indirect Cost Rate Agreements.</p> <p>Determine whether material indirect costs or centralized or administrative services are being charged to federal programs. If such costs are being charged, perform the following procedures:</p> <ol style="list-style-type: none"> a. Obtain and read the current Cost Allocation Plan (CAP) or negotiable agreement and determine the types of rates and procedures required. b. Obtain and read the Current CAP and/or Indirect Cost Rate Agreement and determine the terms of the allocation plan and/or rate agreement in effect (i.e., predetermined, fixed with carryforward provisions or provisional/final). c. Verify the methods of charging costs to federal awards are in accordance with the provisions of the approved CAP or prepared CAP on file. d. Determine whether the CAP's or Indirect Cost Rate Proposals (IDCRP's) have been approved by the appropriate federal agency and whether the resultant rates or amounts charged are final or still open to adjustment or revision, either immediately or as a carry over adjustment in a future period. If approved and final, the results of the audit work shall be reflected, if appropriate, in recommendations for future procedural improvements. e. Examine claims submitted to the federal agency for reimbursement. Determine if the amounts charged and rates used are in accordance with the plan and if rates are being applied to the appropriate base. f. Review, on a test basis, supporting documentation to determine whether: <ol style="list-style-type: none"> 1) The indirect cost pool or centralized service costs contain only allowable costs in accordance with the applicable OMB's cost principles Circulars (A-87, A-21, A-122). 2) The methods of allocating the costs are in accordance with the provisions of Circular A-87, other applicable regulations and negotiated agreements. 					

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PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
3) Statistical data in the proposed allocation or rate bases are reasonable, updated as necessary and do not contain any material omissions. 4) Time studies or time and effort reports are mathematically and statistically accurate, are implemented as approved, and are based on the actual effort devoted to the various functional and programmatic activities to which the salary and wage costs are charged. 5) The allocation methodology is consistent and test the appropriateness of methods used to make changes. 6) The indirect costs charged to federal programs are supported by amounts recorded in the accounting records from which the most recently issued financial statements were prepared.					
C. <u>CASH MANAGEMENT:</u> 1. Review the government's cash advancement or reimbursement process(es) and evaluate for adequacy. 2. If an advancement method is used, review the government's system to determine if it is adequate to limit the amount of federal cash to immediate needs. 3. If a reimbursement method is used, review the government's system to determine if it is adequate to ensure the requests are properly supported and made in a timely manner. 4. For selected grant programs, determine dates and amounts for selected advances, drawdowns and other receipts of federal funds and compare to the dates the funds were disbursed and/or checks were presented to the banks for payment. 5. For the same programs, evaluate the size of the balances in relation to the program's needs. 6. Review records to determine if interest was earned on advances and whether it was returned to the appropriate agency. 7. Review the government's system for monitoring advances and payment requests by secondary recipients. Evaluate whether the system is sufficient to limit payments to amounts needed to meet immediate cash requirements. 8. Review selected cash reports submitted by subrecipients and determine if the reports show large amounts of excess cash. If they do, ascertain why.					
D. <u>DAVIS-BACON ACT:</u>					

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PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ol style="list-style-type: none"> 1. Identify the programs involving construction activities. 2. Review selected construction contracts and subcontracts and determine whether they contain provisions requiring the payment of "prevailing" wages. This is applicable to all construction contracts which exceed \$2,000. 3. Review the City's system for monitoring applicable contractors and subcontractors with respect to payment of prevailing wages and evaluate for adequacy. 4. Review the monitoring system for contracts for selected programs and determine whether there is adherence to the prescribed procedures. 5. Examine a sample of contractor or subcontractor payroll submissions and certifications and determine if such submissions indicate that laborers and mechanics were paid the prevailing wage rates established by the Department of Labor for the locality. 6. For recipients who have not developed a system, or whose system is not operating effectively: <ol style="list-style-type: none"> a. Obtain the "local" DOL wage determination from the recipient, the architect/engineer (A/E) managing the project, or DOL. b. Obtain from the client, payroll registers of the construction company and test to determine whether wages paid conform to prevailing wages. <p>E. <u>ELIGIBILITY</u>:</p> <ol style="list-style-type: none"> 1. Individuals: <ol style="list-style-type: none"> a. For some federal programs with a large number of individuals receiving benefits, the City may use a computer system for the processing of individual eligibility determinations and the delivery of benefits. U.S. generally accepted auditing standards provide guidance for the auditor when computer processing relates to accounting information that can materially affect the financial statements being audited. When eligibility is material to a major program, and a computer system is integral to eligibility compliance, the auditor should follow this guidance and consider the City's computer processing. <ol style="list-style-type: none"> 1) Perform audit procedures relevant to the computer system as needed to support the opinion on compliance for the major program. 2) These tests may be performed as part of testing the internal controls for eligibility. 					

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PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> b. Perform procedures to determine completeness of the population. c. Select a sample of individuals receiving benefits and perform tests to determine if the: <ul style="list-style-type: none"> 1) Individuals were eligible in accordance with the compliance requirements of the program. (Note: Some programs have initial and continuing eligibility requirements.) 2) Benefits paid to or on the behalf of the individuals were calculated correctly and in compliance with the requirements of the program. 3) Benefits were discontinued when the period of eligibility expired, or if the person became ineligible. 					
<ul style="list-style-type: none"> 2. Group of Individuals or Area of Service Delivery: <ul style="list-style-type: none"> a. Test information used in determining eligibility and determine if the population or area of service delivery was eligible. b. Perform test to determine if: <ul style="list-style-type: none"> 1) The population or area served were eligible. 2) The benefits paid to or on behalf of the individuals or area of service delivery were calculated correctly. 					
<ul style="list-style-type: none"> 3. Subrecipients: <ul style="list-style-type: none"> a. If the determination of eligibility is based on an approved application or plan, obtain a copy of the document and identify the applicable eligibility requirements. b. Select a sample of the awards to the subrecipients and perform procedures to verify that the subrecipients were eligible and amounts awarded were within funding limits. 					
F. <u>EQUIPMENT AND REAL PROPERTY:</u>					
<ul style="list-style-type: none"> 1. For subrecipients of states that are local governments (Cities): <ul style="list-style-type: none"> a. Obtain a copy of the City's policies and procedures for equipment management and determine if they comply with the state's policies and procedures. b. Select a sample of equipment transactions and test for compliance with the state's policies and procedures for management and disposition of equipment. 					

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SINGLE AUDIT
COMMON REQUIREMENTS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>2. For non-profit organizations and federal awards received directly from a federal awarding agency by the City:</p> <p>a. Inquire if a required physical inventory of equipment acquired under federal awards was taken within the last two years. Test whether any differences between the physical inventory and equipment records were resolved.</p> <p>b. Identify equipment acquired under federal awards during the audit period and trace selected purchases to the property records. Verify that the property records contain the following information about the equipment:</p> <p>1) Description (including serial numbers, or other identification numbers).</p> <p>2) Source.</p> <p>3) Title holder.</p> <p>4) Acquisition date and cost.</p> <p>5) Percentage of federal participation in the cost.</p> <p>6) Location.</p> <p>7) Condition.</p> <p>8) Ultimate disposition data including date of disposal, sale price or method used to determine fair market value.</p> <p>3. Select a sample of equipment identified as acquired with federal awards from the property records and observe the equipment.</p> <p>4. Disposition of Equipment</p> <p>a. Determine the amount of equipment dispositions for the year and identify equipment acquired with federal awards.</p> <p>b. Perform procedures to verify that the dispositions were properly reflected in the property records.</p> <p>c. For equipment with a current per-unit fair market value in excess of \$5,000, determine whether the awarding agency was reimbursed for the appropriate federal share.</p> <p>5. Disposition of Real Property (applicable to all entities):</p> <p>a. Determine real property dispositions for the audit period and identify property acquired with federal awards.</p> <p>b. Perform procedures to verify that the City followed the instructions of the awarding agency which will</p>					

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SINGLE AUDIT
COMMON REQUIREMENTS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>normally require reimbursement to the awarding agency of the federal portion of net sales or fair market value at the time of disposition, as applicable.</p> <p>G. <u>MATCHING, LEVEL OF EFFORT, EARMARKING:</u></p> <ul style="list-style-type: none"> • <u>Matching</u> – includes requirements to provide contributions (usually non-federal) of a specified amount or percentage to match federal awards. Match may be in the form of cash or in-kind contributions. • <u>Level of Effort</u> – includes requirements for (a) a specified level of service to be provided from period to period, (b) a specified level of expenditures from non-federal or federal sources for specified activities to be maintained from period to period, and (c) federal funds to supplement and not supplant non-federal funding of services. • <u>Earmarking</u> – includes requirements that specify the minimum and/or maximum amount or percentage of the programs funding that must/may be used for specified activities, including funds provided to Subrecipients. <p>Matching:</p> <ol style="list-style-type: none"> 1. Perform test to verify that the required matching contributions were met. 2. Determine the sources of matching contributions and perform tests to verify that they were from an allowable source. 3. Test records to corroborate that the value placed on in-kind contributions are in accordance with OMB cost principles circulars, the A-102 Common Rule, program regulations and the terms of the award. 4. Test transactions used to match for compliance with allowable costs/cost principles requirements. This test may be performed in conjunction with the testing of the requirements related to allowable cost/cost principles. <p>Level of Effort:</p> <ol style="list-style-type: none"> 1. Identify the required level of effort and perform tests to verify that the level of effort requirement was met. 2. Perform tests to verify that only allowable categories of expenditures or other effort indicators (e.g., hours, number of people served), were included in the computation and that the categories were consistent from year to year. 					

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SINGLE AUDIT
COMMON REQUIREMENTS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>3. Perform procedures to verify that the amounts used in the computation were derived from the books and records from which the audited financial statements were prepared.</p> <p>4. Perform procedures to verify that non-monetary effort indicators were supported by official records.</p> <p>Level of Effort - Supplement not Supplant:</p> <p>1. Determine if the City used federal funds to provide services which they were required to make available under federal, state or local law and were also made available by funds subject to the supplement not supplant requirement.</p> <p>2. Determine if the City used federal funds to provide services which were provided with non-federal funds in prior years.</p> <p style="padding-left: 40px;">a. Identify the federally funded services.</p> <p style="padding-left: 40px;">b. Perform procedures to determine whether the federal program funded services that were previously provided with non-federal funds.</p> <p style="padding-left: 40px;">c. Perform procedures to determine if the total level of services applicable to the requirement increased in proportion to the level of federal contribution.</p> <p>Earmarking:</p> <p>1. Identify the applicable percentage or dollar requirements for earmarking.</p> <p>2. Perform procedures to verify that the amounts recorded in the financial records meet the requirements (e.g. minimum amounts determine that records show at least the minimum was charged.)</p> <p>3. When requirements specify a minimum percentage or amount, select a sample of transactions supporting the specified amount or percentage and perform tests to verify proper classification to meet the minimum percentage or amount.</p> <p>4. When requirements specify a maximum percentage or amount, review the financial records to identify transactions for the specified activity which were improperly classified in another account. (e.g. If administrative costs are limited to 10%, review other accounts charged to the activity for administrative expense which, if incorrectly coded, would cause maximum percentage to be exceeded)</p> <p>H. <u>PERIOD OF AVAILABILITY OF FEDERAL FUNDS:</u></p>					

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SINGLE AUDIT
COMMON REQUIREMENTS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ol style="list-style-type: none"> 1. Review the award documents and regulations pertaining to the program and determine any award specific requirements related to for the period of availability and document the availability period. 2. Test a sample of transactions charged to the federal award after the end of the period of availability and verify that the underlying obligations occurred within the period of availability and that the payment was made within the allowed time period. 3. Test a sample of transactions that were recorded during the period of availability and verify that the underlying obligations occurred within the period of availability. 4. Select a sample of adjustments to the federal funds and verify that these adjustments were for transactions that occurred during the period of availability. <p>I. <u>PROCUREMENT AND SUSPENSION AND DEBARMENT:</u></p> <p>For non-profit organizations and federal awards received directly from a federal awarding agency by the City:</p> <ol style="list-style-type: none"> 1. Obtain the City's procurement policies and verify that the policies comply with applicable federal requirements. 2. Determine if the City has a policy to use statutorily or administratively imposed in-state or local geographical preferences in the evaluation of bids or proposals. If such policy exists, verify that these limitations were not applied to federal procurements except where applicable federal statutes expressly mandate or encourage geographical preference. 3. Examine procurement policies and procedures and verify the following: <ol style="list-style-type: none"> a. Written selection procedures require that solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured, identify all requirements that the offer must fulfill, and include all other factors to be used in evaluating bids or proposals. b. There is a written policy pertaining to ethical conduct. 4. Select a sample of procurements and perform the following: <ol style="list-style-type: none"> a. Examine contract files and verify that they document the significant history of the procurement, including rationale for the method of procurement , selection of contract type, contractor selection or rejection, and the basis of contract price. 					

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SINGLE AUDIT
COMMON REQUIREMENTS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> b. Verify that procedures provide for full and open competition. c. Examine documentation in support of the rationale to limit competition in those cases where competition was limited and determine if the limitation was justified. d. Examine contract files and determine that a cost or price analysis was performed in connection with procurement actions, including contract modifications and that this analysis supported the procurement action. e. Verify that the awarding federal agency approved procurements exceeding \$100,000 when such approval was required. Procurements (1) awarded by non-competitive negotiations, (2) awarded when only a single bid or offer was received (3) awarded to other than the apparent low bidder, or (4) specifying a "brand name" product require prior federal awarding agency approval. <p><i>The following only apply to states and federal awards subgranted by the state to the City.</i></p> <ul style="list-style-type: none"> 1. Test a sample of procurements to determine if the state's laws and procedures were followed and that the policies and procedures used were the same as for state funds. <p><i>The following procedure applies to all non-federal entities.</i></p> <ul style="list-style-type: none"> 1. Test a sample of procurements and subawards and determine if the required suspension and debarment certifications were received for subawards and covered contracts. Alternately, select a sample of procurements and subawards and determine that parties are not included on the <u>List of Parties Excluded From Federal Procurement or Non-procurement Programs</u>, issued by the General Services Administration. <p>J. <u>PROGRAM INCOME:</u></p> <ul style="list-style-type: none"> 1. Identify any program income. <ul style="list-style-type: none"> a. Review laws and regulations, the provisions of contract, and grant agreements applicable to the program and determine if program income was anticipated and, if so, the requirements for recording and using program income. b. Inquire of management and review accounting records to determine if program income was received. 2. Perform tests to verify that all program income was properly recorded in the accounting records. 					

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SINGLE AUDIT
COMMON REQUIREMENTS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>3. Perform tests to determine if program income was used in accordance with the program requirements.</p> <p>K. <u>REAL PROPERTY ACQUISITION AND RELOCATION ASSISTANCE:</u></p> <p>1. Determine whether the City is administering a federal or federally-assisted program that involves the acquisition of property or the displacement of households or businesses.</p> <p>2. Property Acquisition:</p> <p style="padding-left: 20px;">a. Appraisal - test records to verify:</p> <p style="padding-left: 40px;">1) The just compensation amount offered the property owner was determined by an appraisal process.</p> <p style="padding-left: 40px;">2) The appraisal(s) was examined by a review appraiser.</p> <p style="padding-left: 40px;">3) The review appraiser prepared a signed statement which explains the basis for adjusting comparable sales to reach the review appraiser's determination of the fair market value.</p> <p style="padding-left: 20px;">b. Negotiations - verify from supporting documentation that:</p> <p style="padding-left: 40px;">1) A written offer of the appraised value was made to the property owner.</p> <p style="padding-left: 40px;">2) A written justification was prepared if the purchase price for the property exceeded the amount offered and that the documentation (e.g. recent court awards, estimated trial cost ext.) supports such administrative settlement as being reasonable, prudent, and in the public interest.</p> <p style="padding-left: 20px;">c. Residential Relocations – verify from supporting documentation that the City made available to the displaced persons one or more comparable replacement dwellings.</p> <p>3. Replacement Housing Payments – Examine the City's records to verify and determine if there is documentation that supports the following:</p> <p style="padding-left: 20px;">a. The owner occupied the displacement dwelling for at least 180 days immediately prior to initiation of negotiations.</p> <p style="padding-left: 20px;">b. The City examined at least three comparable replacement dwellings available for sale and</p>					

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PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>computed the payment on the basis of the price of the dwelling most representative of the displacement dwelling.</p> <p>c. The asking price for the comparable dwelling was adjusted, to the extent justified by local market data, to recognize local area selling price reductions.</p> <p>d. The allowance for increased mortgage costs "buy down" amounts was computed based on the remaining principal balance, the interest rate, and the remaining term of the old mortgage on the displacement dwelling.</p> <p>e. The City prepared written justification on the need to employ last resort housing provisions, if the total replacement housing payment exceeded \$22,500.</p> <p>4. Rental or Downpayment Assistance – Examine the City's records to determine if there is documentation that supports the following:</p> <p>a. The displacee occupied the displacement dwelling for at least 90 days immediately prior to initiation of negotiations.</p> <p>b. The displacee rented, or purchased, and occupied a decent, safe, and sanitary replacement dwelling within one year.</p> <p>c. The City prepared written justification if the payment exceeded \$5,250.</p> <p>5. Business Relocations</p> <p>a. Moving expenses – Verify that payments for moving and related expenses were for actual costs incurred or that fixed payments, in lieu of actual costs, were limited to a maximum of \$20,000 and computed based on the average annual net earnings of the business as evidenced by income tax returns, certified financial statements, or other reliable evidence.</p> <p>b. Business Reestablishment Expense – Verify that (1) the displacee was eligible as a farm operation, non-profit organization, or a small business to receive reestablishment assistance, and (2) the payment was for actual costs incurred and did not exceed \$10,000.</p> <p>L. <u>REPORTING:</u></p> <p>1. Review applicable laws, regulations, and the provisions of contract and grant agreements pertaining to the program for reporting requirements.</p>					

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SINGLE AUDIT
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PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ol style="list-style-type: none"> 2. Determine the types and frequency of required reports. 3. Obtain and review federal awarding agency, or pass-through entity in the case of a subrecipient, instructions for completing the reports. <ol style="list-style-type: none"> a. For financial reports, determine the accounting basis used in reporting the data (i.e. cash or accrual). b. For performance and special reports, determine the criteria and methodology used in compiling and reporting the data. 4. Perform appropriate analytical procedures and determine the reason for any unexpected differences. Examples of analytical procedures include: <ol style="list-style-type: none"> a. Comparing current period reports to prior periods. b. Comparing anticipated results to the data included in the reports. c. Comparing information obtained during the audit of the financial statements to the report. 5. Select a sample of each of the following report types. <ol style="list-style-type: none"> a. Financial reports: <ol style="list-style-type: none"> 1) Determine if the financial reports were prepared in accordance with the required accounting basis. 2) Trace the amounts reported to accounting records that support the audited financial statements and the schedule of expenditures of federal awards and verify agreement. b. Performance reports: <ol style="list-style-type: none"> 1) Trace data to records that accumulate and summarize data. 2) Perform tests of the underlying data to verify that the data were accumulated and summarized in accordance with the required or stated criteria and methodology. c. When intervening computations or calculations are required between the records and the reports, trace reported data elements to supporting worksheets or other documentation that link reports to data. d. Test mathematical accuracy of reports and supporting worksheets. 6. Test selected reports for completeness: 					

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PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>a. For financial reports, review accounting records and determine if all applicable accounts were included in the sampled reports.</p> <p>b. For performance and special reports, review supporting records and determine if all applicable data elements were included in the sampled report.</p> <p>7. Obtain written representation from management that the reports provided to the auditor are true copies of the reports submitted or electronically transmitted to the federal awarding agency or pass-through entity in the case of a subrecipient.</p> <p>M. <u>SUBRECIPIENT MONITORING:</u></p> <p>1. Review City's subrecipient monitoring policies and procedures and discuss with the City's staff to gain an understanding of the scope, frequency and timeliness of monitoring activities, including the number, size and complexity of awards to subrecipients.</p> <p>2. Test award documents to determine if the City makes subrecipients aware of the award information and requirements imposed by laws, regulations, and the provisions of contract and grant agreements; and the activities approved in the award documents were allowable.</p> <p>3. Review the City's documentation of during-the-award monitoring to determine if the City provides reasonable assurance that subrecipients used federal funds for authorized purposes, complied with laws and regulations, provisions of contracts and grant agreements, and achieved performance goals.</p> <p>4. Review the City's follow-up to ensure corrective action on deficiencies noted during the award monitoring.</p> <p>5. Verify that the City receives audit reports from subrecipients required to have an audit in accordance with OMB Circular A-133, issues management decisions on audit findings within six months after receipt of the subrecipient's audit report, and requires subrecipients to take appropriate and timely corrective action on deficiencies identified in audit findings.</p> <p>6. Verify that in cases of continued inability or unwillingness of a subrecipient to have required audits, the City took appropriate action using sanctions.</p> <p>7. Verify that the effects of subrecipient non-compliance are properly reflected in the City's records.</p> <p>8. Document the City's procedures for monitoring subrecipients who are not required to have an A-133 audit (total expenditures of federal awards of less than</p>					

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<u>PROCEDURE</u>	<u>OBJ.</u>	<u>DONE BY</u>	<u>W/P REF</u>	<u>N/A</u>	<u>REMARKS</u>
<p>\$500,000). Verify the procedures for reasonableness and adequacy.</p> <p>N. <u>SPECIAL TESTS AND PROVISIONS:</u></p> <p>1. Review the laws, regulations, and provisions of grant and contract agreements to identify special tests and provisions.</p> <p>2. Develop procedures to test these requirements.</p>					

SINGLE AUDIT

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
MISCELLANEOUS PROVISIONS:					
A. If the City is a pass-through agency of federal funds, ensure the appropriate receipts/revenues and disbursements/expenditures are recognized in compliance with GASB 24.					
B. Obtain Data Collection Form.					
C. Prepare notification letters to pass-through entities not required to receive a reporting package.					
D. Obtain Corrective Action Plan for Federal Audit Findings from City (prepared on City letterhead) and review for propriety.					
E. Obtain Summary Schedule of Prior Federal Audit Finding from City (prepared on City letterhead) and review for propriety.					
F. Determine if risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					
<u>CONCLUSION:</u>					
We have performed procedures sufficient to achieve the audit objectives for Single Audit requirements, and the results of these procedures are adequately documented in the accompanying workpapers.					
Incharge _____	Date _____				
Manager _____	Date _____				
Independent Reviewer _____	Date _____				

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**28E ENTITIES WITH GROSS RECEIPTS
OVER \$100,000**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>Audit Objectives:</p> <p>A. To provide for the examination of financial condition and transactions of 28E organizations accounted for by the City, in accordance with Chapter 11.6 of the Code of Iowa.</p> <p>Audit Procedures:</p> <p>A. Identify any 28E organizations for which the City performs receipt and disbursement functions for, and for which gross receipts were in excess of \$100,000 during the fiscal year.</p> <p>B. Discuss with a responsible official of the 28E's governing body the Code requirement for an audit, and determine whether the governing body wants the audit conducted at the same time as the City's audit.</p> <ol style="list-style-type: none"> 1. Document name of responsible official and discussion. 2. Obtain the organization's concurrence to conduct the audit. Ask for the concurrence in writing. Governing body action may be required. 3. Discuss billing arrangements. <p>C. If organization agrees to an audit, perform the following:</p> <ol style="list-style-type: none"> 1. Review and document the organization's internal controls. 2. Review and test receipts, disbursements, payroll and any other significant transaction cycles as considered necessary. If payroll is not processed with the City's payroll system, review payroll withholdings and quarterly reports. <p>D. For 28E organizations other than landfills, prepare a separate statement of changes in assets and liabilities for inclusion in the City's audit report. (Although optional, due to the nature of landfills and the difficulties in determining compliance with GASB 18 and the Department of Natural Resources, it is strongly recommended that 28E landfill reports be issued under separate cover.)</p> <p>E. Determine if the risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures.</p>					

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**28E ENTITIES WITH GROSS RECEIPTS
OVER \$100,000**

[illegible]

CITY _____

June 30, 2004

COMPLETION OF AUDIT

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives:					
A. Written representations have been obtained from responsible officials.					
B. Misstatements discovered during the audit have been evaluated.					
C. Financial statements are fairly presented.					
D. The effect on the auditor's report of GAAP departures, scope limitations, uncertainties, other auditors, or other matters has been evaluated.					
E. Reportable conditions have been communicated to the appropriate parties.					
F. Significant commitments, contingencies and subsequent events that may require disclosure have been identified.					
Audit Procedures:					
A. Inquire as to whether all funds have been brought to our attention.					
B. Identify any commitments, contingencies and subsequent events that may require disclosure.	F				
1. In connection with litigation and claims, perform the following procedures:					
a. Obtain from City officials a description and evaluation of litigation and asserted and unasserted claims.					
b. Examine documents in the City's possession concerning the above matters.					
c. Review invoices for legal services and consider whether any other matters in addition to the above were disclosed during the course of the audit.					
d. Review attorney's letter for matters requiring disclosure.					
2. Complete review of minutes through the end of fieldwork for subsequent events.					
3. Inquire of City officials about existence of material subsequent transactions or events and significant matters unresolved at year end.	F				
4. Scan records subsequent to period under audit for significant unusual receipts, payments and non-standard entries.	F				
C. Determine if footnote disclosure is needed and obtain documentation for the following items (For Cities with unusual types of activities, consider reviewing the AICPA disclosure checklist):	F				
1. Lease commitments (capital and operating leases).					
2. Construction commitments.					
3. Contracts.					

June 30, 2004

COMPLETION OF AUDIT

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
4. Subsequent events. 5. Lawsuits. 6. Claims and judgments. 7. Other commitments and contingencies (including outstanding indebtedness of others guaranteed by the City; moral obligations; conduit debt; and no-commitment debt). 8. Health insurance trust. 9. Municipal solid waste landfill. 10. Relationships with organizations other than component units: a. Related organizations. b. Joint ventures. c. Jointly governed organizations. d. Component units and related organizations with joint venture characteristics. e. Pools. f. Undivided interests. g. Cost-sharing arrangements. 11. Other pertinent information. D. Summarize and evaluate misstatements noted during the audit, including both known and likely misstatements. (SAS 98) E. Document the reconciliation of the financial statements to accounting records. F. Obtain City's concurrence on proposed adjusting journal entries. G. Determine and document whether there could be substantial doubt about the City's ability to continue as a going concern. H. Determine and document the type of opinion for each opinion unit. Document reasons for variances from unqualified opinion. I. Summarize reportable conditions and identify material weaknesses. J. Draft audit report, including opinions, financial statements, notes, supplemental information and other reports. Date of report should be the same date as the end of fieldwork. Determine that preparation of the draft audit report will not impair independence.					
	B				
	D				
	C,D				
	C,E				

CITY _____

June 30, 2004

COMPLETION OF AUDIT

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>K. Perform the following limited procedures to Required Supplementary Information(RSI), as required by SAS No. 52:</p> <ol style="list-style-type: none"> 1. Inquire of management about the methods used in preparing the information. 2. Compare the information for consistency with management's responses to the foregoing inquiries, audited financial statements, and other knowledge obtained during the examination of the financial statements. 3. Consider whether representations on RSI should be included in specific written representations obtained from management.(SAS 85) 4. Apply additional procedures, if any, that other statements, interpretations, guides, or statements of position prescribe for specific types of RSI. 5. Make additional inquiries if application of the foregoing procedures causes the auditor to believe that the information may not be measured or presented within applicable guidelines. <p>L. Review the reasonableness of the Management's Discussion and Analysis which is limited to the following required elements: (GASB 34 par.11)</p> <ol style="list-style-type: none"> 1. A brief discussion of the basic financial statements, including the relationships of the statements to each other, and the significant differences in the information they provide. 2. Condensed financial information derived from entity-wide financial statements comparing the current year to the prior year. 3. An analysis of the government's overall financial position and results of operations to assist users in assessing whether financial position has improved or deteriorated as a result of the year's operations. 4. An analysis of balances and transactions of individual funds. The analysis should address the reasons for significant changes in fund balances or fund net assets and whether restriction, commitments, or other limitations significantly affect the availability of fund resources for future use. 5. An analysis of significant variations between original and final budget amounts and between final budget amounts and actual budget results for the general fund. 6. A description of significant capital asset and long-term debt activity during the year, including commitments made for capital expenditures, changes in credit ratings, 					

CITY _____**June 30, 2004****COMPLETION OF AUDIT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>and if implementing GASB 34, perform the following limited procedures to Required Supplementary Information(RSI), as required by SAS No. 52:</p> <p>7. If applicable, a discussion of the modified approach to report some or all of the infrastructure assets.</p> <p>8. A description of currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.</p> <p>M. Perform a retrospective review of significant accounting estimates reflected in the prior year financial statements and consider whether the underlying assumptions in the prior year indicate a possible bias on the part of management. Consider whether the results of the review provide additional information about possible bias in making current year estimates. If possible bias is identified, evaluate whether the circumstances represent a risk of material misstatement due to fraud. (AU 316.64)</p> <p>N. Evaluate and document the business rationale for significant unusual transactions. (AU 316.66)</p> <p>O. Perform analytical procedures for overall review of financial statements. Document the consideration of the following:</p> <ol style="list-style-type: none"> 1. The adequacy of evidence gathered in response to unusual or unexpected balances identified in planning the audit or in the course of the audit. 2. Unusual or unexpected balances or relationships that were not previously identified. <p>P. Conduct an exit conference with the City. In addition to the Clerk and Administrator, request Mayor and/or Council Member attendance or the audit committee if applicable. Document communication of:</p> <ol style="list-style-type: none"> 1. Report findings. 2. Non-report findings. 3 Audit and accounting problems that may affect the audit bill. 4. Uncorrected misstatements which are believed to be immaterial. <p>Q. Obtain appropriate written representation signed by the Finance Director, Mayor, City Clerk and/or appropriate personnel.</p> <ol style="list-style-type: none"> 1. Modify, as necessary, for related party/business transactions and federal program representations and/or other items. 2. Prepared on City's letterhead. 3. Dated last day of fieldwork. 					
	C				
	E				
	A				

June 30, 2004

[illegible]

June 30, 2004

AUDIT AND ACCOUNTING PROBLEMS

[illegible]

CONFERENCES

[illegible]

June 30, 2004

ITEMS FOR COMMENT-
STATUTORY AND OTHER LEGAL MATTERS

[illegible]

2 – Reported in Other Findings Related to Statutory Reporting.

June 30, 2004

[illegible]

1 – Reported in Findings Related to the General Purpose Financial Statements.
2 – Reported in Other Findings Related to Statutory Reporting.

June 30, 2004

ITEMS FOR COMMENT

[illegible]

R/C = Reportable Conditions

June 30, 2004

ITEMS FOR NEXT YEAR

[illegible]

Name of City _____
 Opinion Unit _____

Fiscal Year Ended 6-30-04

Prepared By	Initial	Date
Reviewed By		

This form should be used to accumulate known audit differences by opinion unit detected by non-sampling substantive tests (including differences in accounting estimates) and projected audit differences from substantive tests that used sampling. A separate Audit Difference Evaluation Form should be maintained for each opinion unit. Use whole dollars only.

				Financial Statements Effect – Amount of Over (Under) Statement of:							
K/P	Description (Nature) of Audit Difference	Amount	Work- paper Ref.	Total Assets	Total Liab.	Fund Equity	Revenues	Expend.	Excess of Rev. over Expend. (a)	Working Cap. (b)	Mgr. Appr.
Unadjusted audit differences - this year											
Effect of unadjusted audit differences - last year											
Net audit difference											
Financial statement caption totals											
Net audit differences as a % of F/S captions											

K - Known Audit Difference

P - Projected Audit Difference

(a) For a proprietary fund type, this column would show the effect on net income.

Planning Materiality \$ _____

(b) This column would only be used for a proprietary fund type.

Are any of the audit differences identified above indicative of fraud? Yes _____ No _____

If yes, contact the Manager.

CITY _____**June 30, 2004****OPINION, DISCLOSURE AND
OTHER REPORT INFORMATION****A. Independent Auditor's Report on the financial statements:****1. Type of opinion rendered for each opinion unit and reason for modification of opinion, if applicable:**

<input type="checkbox"/> Governmental Activities	U	Q	D	A
<input type="checkbox"/> Business Type Activities	U	Q	D	A
<input type="checkbox"/> Major Fund – General	U	Q	D	A
<input type="checkbox"/> Major Fund – Road Use Tax	U	Q	D	A
<input type="checkbox"/> Major Fund – Debt Service	U	Q	D	A
<input type="checkbox"/> Additional Major Fund –	U	Q	D	A
<input type="checkbox"/> Additional Major Fund –	U	Q	D	A
<input type="checkbox"/> Additional Major Fund –	U	Q	D	A
<input type="checkbox"/> Aggregate Remaining Fund Information	U	Q	D	A
<input type="checkbox"/> Aggregate Discretely Presented Component Units	U	Q	D	A

2. Supplemental information accompanying basic financial statements (AU 551) (check applicable):

- ☐ Include "in relation to" opinion.
- ☐ Disclaim opinion on unaudited information.
- ☐ Prior year information audited by AOS and type of opinion(s) rendered:
- | | | | | |
|-------------------------------|---|---|---|---|
| <input type="checkbox"/> 2003 | U | Q | D | A |
| <input type="checkbox"/> 2002 | U | Q | D | A |
| <input type="checkbox"/> 2001 | U | Q | D | A |
- ☐ Prior year information audited by other auditors and type of opinion(s) rendered:
- | | | | | |
|-------------------------------|---|---|---|---|
| <input type="checkbox"/> 2003 | U | Q | D | A |
| <input type="checkbox"/> 2002 | U | Q | D | A |
| <input type="checkbox"/> 2001 | U | Q | D | A |

June 30, 2004

OPINION, DISCLOSURE AND OTHER REPORT INFORMATION

[illegible]

CITY _____

June 30, 2004

**OPINION, DISCLOSURE AND
OTHER REPORT INFORMATION**

Y = Yes N = No N/A = Not Applicable

C. IAR on Compliance and on Internal Control Over Financial Reporting:

1. Instances of material non-compliance	<u>Y</u> <u>N</u>	<u>GF-12s</u>
2. Instances of non-material non-compliance	<u>Y</u> <u>N</u>	<u>GF-12s</u>
3. No instances of non-compliance	<u>Y</u> <u>N</u>	<u>GF-12s</u>
4. Reportable Conditions	<u>Y</u> <u>N</u>	<u>GF-12s</u>
5. Material Weaknesses	<u>Y</u> <u>N</u>	<u>GF-12s</u>
6. Follow-up of prior year comments:	<u>Y</u> <u>N</u>	_____
a. Compliance	Repeat Some/All Resolved/N/A	
b. Internal control	Repeat Some/All Resolved/N/A	

D. IAR on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance:

1. Instances of non-compliance	See next page	
2. Reportable Conditions	<u>Y</u> <u>N</u>	<u>GF-12s</u>
3. Material Weaknesses	<u>Y</u> <u>N</u>	<u>GF-12s</u>
4. Follow-up of prior year comments:	<u>Y</u> <u>N</u>	_____
a. Compliance	Repeat Some/All Resolved/N/A	
b. Internal control	Repeat Some/All Resolved/N/A	

E. Because this audit is being conducted under Chapter 11 of the Code of Iowa, Government Auditing Standards and OMB Circular A-133, users of the report are presumed to be aware of the conditions under which the report is issued, including the requirement of state law that requires the report to be open to the public.

F. Dollar threshold used to distinguish between Type A and Type B programs	\$_____	<u>GF-1s</u>
G. City qualified as low-risk auditee	<u>Y</u> <u>N</u>	<u>GF-1s</u>

CITY _____

June 30, 2004

**OPINION, DISCLOSURE AND
OTHER REPORT INFORMATION
(Supplemental Page)**

	Major Program (CFDA #):					Major Program (CFDA #):				
	Require- ment Tested	Findings reported in Part III of SFQC	Type of finding reported in Part III	Material Weakness	Type of Opinion	Require- ment Tested	Findings reported in Part III of SFQC	Type of finding reported in Part III	Material Weakness	Type of Opinion
Common requirements (GF-9s):										
Activities Allowed or Unallowed	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>
Allowable Costs/Cost Principles	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>
Cash Management	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>
Davis-Bacon Act	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>
Eligibility	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>
Equipment and Real Property	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>
Matching, Level of Effort, Earmarking	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>
Period of Availability of Federal Funds	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>
Procurement, Suspension and Debarment	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>
Program Income	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>
Real Property Acquisition and Relocation Assistance	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>
Reporting	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>
Subrecipient Monitoring	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>
Special Tests and Provisions	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>

U = Unqualified MNC = Material noncompliance
Q = Qualified QC = Questioned Cost > \$10,000
D = Disclaimer RC = Reportable Condition
A = Adverse NONE = None required to be reported

Y = Yes
N/A = Not applicable

CITY _____

June 30, 2004

**OPINION, DISCLOSURE AND
OTHER REPORT INFORMATION
(Supplemental Page)**

	Major Program (CFDA #):					Major Program (CFDA #):				
	Require- ment Tested	Findings reported in Part III of SFQC	Type of finding reported in Part III	Material Weakness	Type of Opinion	Require- ment Tested	Findings reported in Part III of SFQC	Type of finding reported in Part III	Material Weakness	Type of Opinion
Common requirements (GF-9s):										
Activities Allowed or Unallowed	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>
Allowable Costs/Cost Principles	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>
Cash Management	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>
Davis-Bacon Act	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>
Eligibility	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>
Equipment and Real Property	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>
Matching, Level of Effort, Earmarking	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>
Period of Availability of Federal Funds	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>
Procurement, Suspension and Debarment	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>
Program Income	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>
Real Property Acquisition and Relocation Assistance	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>
Reporting	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>
Subrecipient Monitoring	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>
Special Tests and Provisions	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>	<u>Y N/A</u>	<u>Y N/A</u>	<u>MNC,QC,RC,NONE</u>	<u>Y N/A</u>	<u>U,Q,D,A</u>

U = Unqualified MNC = Material noncompliance
Q = Qualified QC = Questioned Cost > \$10,000
D = Disclaimer RC = Reportable Condition
A = Adverse NONE = None required to be reported

Y = Yes
N/A = Not applicable

CITY _____

June 30, 2004

**OPINION, DISCLOSURE AND
OTHER REPORT INFORMATION**
SINGLE AUDIT

REPORTING PACKAGES – The following entities are required to receive a copy of the City's reporting package:

- 1) Federal Clearinghouse
- 2) Additional copies to the Federal Clearinghouse for each federal agency that provided **direct** funding when:
 - The Schedule of Findings and Questioned Costs disclose audit findings related to federal awards that the federal agency provided directly and/or,
 - The Summary Schedule of Prior Audit Findings reported the status of any audit findings related to federal awards that the federal agency provided directly.

List appropriate agencies, if any:

- 3) Grantor pass-through entities when:
 - The Schedule of Findings and Questioned Costs disclosed audit findings related to federal awards that the pass-through entity provided and/or,
 - The Summary Schedule of Prior Audit Findings reported the status of any audit findings related to federal awards that the pass-through entity provided.

List appropriate agencies and their addresses, if any:

CITY _____**June 30, 2004****OPINION, DISCLOSURE AND
OTHER REPORT INFORMATION**
SINGLE AUDIT**NOTIFICATION LETTERS** – The following entities are required to receive an audit notification:

All pass-through entities not required to receive a copy of the reporting package (see previous page).

Circle applicable agencies:Iowa Dept of Public Safety
Wallace State Office Building
LOCALGovernor's Office on Drug Control Policy
Ola Babcock Miller Building
1112 East Grand Avenue, 2nd Floor
Des Moines, IA 50319Iowa Dept of Human Services
Division of Fiscal Management
1st Floor
Hoover State Office Building
LOCALIowa Dept of Education
Grimes State Office Building
LOCALIowa Dept of Public Health
Lucas State Office Building
LOCALIowa Dept of Natural Resources
Wallace Building
LOCALIowa Dept of Elder Affairs
Clemens Building
LOCALIowa Dept of Economic Development
200 East Grand
Des Moines, Iowa 50309Iowa Dept of Transportation
Attn. Don Breniman
800 Lincoln Way
Ames, IA 50010Iowa Dept of Public Defense
Emergency Management Division
Hoover Building
LOCAL

List other agencies and their addresses:

June 30, 2004

CONFIRMATION CONTROL

[illegible]

June 30, 2004

**WORKPAPER COPIES
GIVEN TO CLIENT AND
OUTSIDE PARTIES**

[illegible]

June 30, 2004

PENDING MATTERS

[illegible]

REVIEW NOTES

[illegible]

CITY _____

June 30, 2004

INCHARGE REVIEW QUESTIONNAIRE

QUESTION	YES	NO	N/A
1. Was the scope of our audit in accordance with our audit plan?			
2. Have you informed the Manager of all identified problems and internal control weaknesses that resulted in significant modification in the audit program, and have you obtained the Manager's concurrence with the modifications?			
3. Have you gathered enough evidence to satisfy the audit program objectives?			
4. Are you satisfied that the evidence gathered does not disclose suspicions of fraud, violations of statutory, regulatory and contractual provisions, or other illegal acts other than those noted in the statutory comments of the report?			
5. Are you satisfied that we have a reasonable basis for the expression of an opinion on each opinion unit and that the workpaper documentation supports the opinion we are expressing on the financial statements?			
6. Are you satisfied with the results of the limited procedures performed for required supplementary information (RSI), including management's discussion and analysis (MD&A) and other supplementary information?			
7. Are you satisfied there is not substantial doubt about the City's ability to continue as a going concern, or if there is substantial doubt, the appropriate disclosures were made and an explanatory paragraph was included in the Independent Auditor's Report?			
8. Are you satisfied that we have a reasonable basis for and the workpapers support our statement in the Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting for instances of non-compliance required to be reported under <u>Government Auditing Standards</u> ?			
9. Are you satisfied that we have a reasonable basis for expressing an opinion on the City's compliance with the common requirements applicable to major federal programs?			
10. Are you satisfied that we have obtained an adequate understanding of the design of internal controls, determined whether these controls have been placed in operation and assessed control risk?			
11. Are you satisfied that we have reduced the detection risk to a reasonable level?			
12. Have all applicable items on the audit planning, questionnaires and audit program been completed and workpapers properly indexed and signed or initialed by those doing the work?			
13. Have all significant unusual or unexpected balances or relationships noted during planning or the course of the audit been adequately investigated and documented?			
14. Has the work of all assistants been thoroughly reviewed?			
15. Have review notes been adequately resolved?			
16. Are you satisfied that the planned level of risk material misstatement due to fraud did not increase based on the accumulated results of the audit procedures performed during fieldwork?			

CITY _____

June 30, 2004

INCHARGE REVIEW QUESTIONNAIRE

QUESTION	YES	NO	N/A
17. Has there been appropriate communication with other audit team members throughout the audit regarding information or conditions indicative of risks of material misstatement due to fraud? (AU 316.74)			
18. Have you discussed with the client and prepared draft comments or memoranda regarding communication of the following to the client:			
a. Management suggestions?			
b. All reportable conditions and material weaknesses in internal controls that we observed?			
c. All immaterial items noted during our audit?			
d. Non-compliance with any statutory, regulatory or contractual requirements?			
e. Auditor's Reports on financial statements, compliance and internal controls?			
19. Has the audit report routing sheet:			
a. Been completed and signed off?			
b. Been completed for the report distribution section, including addresses for non-client report recipients?			
20. Has the news release draft been completed?			
21. Has a list been prepared of all significant pending matters which must be cleared before issuing the report?			
22. Has the Manager been informed of all pending matters?			
23. Have required engagement evaluation reports been completed by the appropriate person(s)?			
24. Are you satisfied that all audit work complied with professional standards and office policies?			
<u>COMMENTS</u> (required for "No" answers):			
Incharge _____	Date _____		
Manager _____	Date _____		
Independent Reviewer _____	Date _____		

CITY _____

June 30, 2004

MANAGER REVIEW QUESTIONNAIRE

QUESTION	YES	NO	N/A
A. <u>GENERAL</u>			
1. Have you reviewed the workpapers and do you concur with the conclusions of the incharge?			
2. Have all exceptions noted on the Incharge Review Questionnaire been resolved?			
3. Are you satisfied that:			
a. The audit program was properly modified for identified problems and internal control weaknesses?			
b. Required supplemental information, if applicable, has been obtained and limited testing procedures have been performed?			
c. The judgments and conclusions reached are supported by documented evidence?			
d. Appropriate changes for the next audit, if any, have been summarized?			
e. All audit work conformed to the audit plan, scope and audit objective?			
f. Significant unusual or unexpected balances or relationships noted during planning or the course of the audit have been adequately investigated and documented?			
g. Nothing was noted that indicated an increased level of risk of material misstatement due to fraud?			
4. Do the workpapers include adequate documentation as to:			
a. Changes in accounting policies?			
b. Conformity with U.S. generally accepted accounting principles or another comprehensive basis of accounting, if appropriate?			
c. Conformity with U.S. generally accepted government auditing standards?			
d. Conformity with statutory, regulatory and contractual provisions?			
e. Adequacy of disclosure?			
f. Compliance with office policies?			
5. Have applicable questionnaires been completed?			
6. Have all applicable procedures been performed and signed off?			
7. Have all review comments been cleared with adequate documentation of disposition?			
8. Have required performance evaluations been completed?			
B. <u>FINANCIAL STATEMENTS AND AUDIT REPORT</u>			
1. Are the financial statements adequately referenced to footnote disclosures?			
2. Are the dates of the financial statements correct?			
3. Are all material facts disclosed which are necessary to not make the financial statements misleading?			

CITY _____

June 30, 2004

MANAGER REVIEW QUESTIONNAIRE

QUESTION	YES	NO	N/A
4. Have all material and/or special or extraordinary subsequent events been evaluated and properly disclosed?			
5. Is there adequate documentation in the workpapers to support the footnotes?			
6. Do the footnotes clearly explain the facts?			
7. Is the nature of each financial statement clearly indicated by its title?			
8. Do the financial statements maintain a uniform manner of format, capitalization, headings and appearance in general within itself?			
9. Is our audit report addressed to the proper party?			
10. Does our opinion for each opinion unit properly state the responsibility we wish to assume?			
11. Has adequate audit work been performed to support the opinion on the financial statements that we are rendering?			
12. Is the report dated as of the last day of fieldwork?			
13. Is any data in the footnotes that requires special mention, with respect to the date of our report, appropriately reflected in the date of our report?			
14. Is our opinion on the supplemental financial information proper and supported by our audit?			
15. Are disclosures in each opinion unit financial statements, and notes to financial statements adequate and do they clearly communicate the facts?			
16. Have you performed final analytical procedures including a comparison of the financial statements to the prior year?			
17. Are you satisfied that the audit did not disclose any suspicions of fraud, violations of statutory, regulatory and contractual provisions or other illegal acts other than those noted in the statutory comments of the			
18. Have the following been discussed with appropriate client officials and arrangements been made to get responses, if appropriate:			
a. Management suggestions?			
b. All reportable conditions and material weaknesses in internal control that we observed?			
c. All immaterial items?			
d. Non-compliance with any statutory, regulatory or contractual requirements?			
e. Auditor's Report?			
C. <u>IAR on Compliance and on Internal Control Over Financial Reporting:</u>			
1. Has adequate work been performed to support our statement on instances of non-compliance required to be reported under <u>Government Auditing Standards</u> ?			
2. Have appropriate exceptions been noted for items of non-compliance?			

CITY _____

MANAGER REVIEW QUESTIONNAIRE

QUESTION		YES	NO	N/A
3. Has adequate audit work been performed to support: <ul style="list-style-type: none"> a. Our understanding of internal controls? b. The determination of whether these controls have been placed in operation? c. Our assessment of control risk? 4. Have all reportable conditions and material weaknesses been disclosed?				
D.	<u>IAR on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance:</u> <ul style="list-style-type: none"> 1. Has adequate audit work been performed to support the opinion we are giving on compliance with common requirements applicable to major federal programs? 2. Have appropriate exceptions been noted for items of non-compliance? 3. Has adequate audit work been performed to support: <ul style="list-style-type: none"> a. Our understanding of internal controls? b. The determination of whether these controls have been placed in operation? c. Our assessment of control risk? 4. Have all reportable conditions and material weaknesses been disclosed? 			
E.	<u>REPORT PRODUCTION</u> <ul style="list-style-type: none"> 1. Has the report routing sheet been completed? 2. Does the draft audit report comply with professional and office reporting standards? 			
<u>COMMENTS</u> (required for "No" answers):				
Manager _____ Date _____				
Independent _____				

Manager _____ Date _____

Independent
Reviewer _____ Date _____

CITY _____

June 30, 2004

INDEPENDENT REVIEWER QUESTIONNAIRE

QUESTION	YES	NO	N/A
1. Is the audit evidence and documentation for all significant unusual or unexpected balances or relationships noted during planning or the course of the audit adequate?			
2. Have you reviewed the audit conclusions on all material items in the financial statements?			
3. Have all review notes been adequately resolved?			
4. Have you reviewed and do you concur with the Incharge Review Questionnaire?			
5. Have you reviewed and do you concur with the Manager Review Questionnaire?			
6. Based on your review, are the financial statements fairly presented?			
7. For any significant unusual or unexpected balances or relationships noted in your review of the audit report that were not previously identified, has adequate audit evidence and documentation been obtained?			
8. Do the financial statements, supplemental information and the comments and recommendations appear to be materially correct?			
9. Is the required supplementary information (RSI) included, if applicable, and has it been evaluated for reasonableness?			
10. Is the auditor's report on financial statements appropriate, based on our audit and the financial statement presentation?			
11. Is the auditor's report on compliance and internal control over financial reporting appropriate, based on our audit?			
12. Is the auditor's report on compliance with requirements applicable to each major program and internal control over compliance appropriate, based on our audit?			
13. Does the draft audit report comply with professional and office reporting standards?			
<u>COMMENTS</u> (required for "No" answers):			
<div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div>Independent Reviewer _____</div> <div>Date _____</div> </div>			